CONVENTION ISSUE

INFORMATION LETTER

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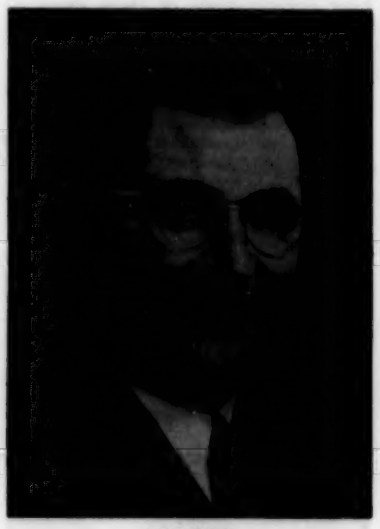
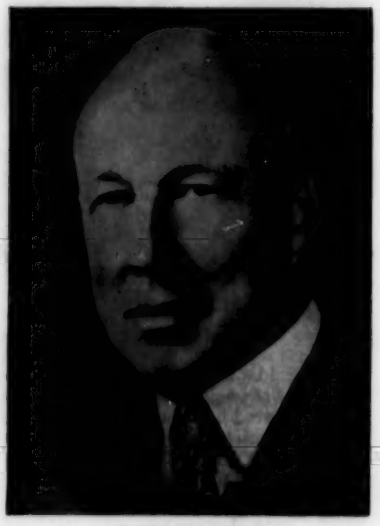
HOWARD T. CUMMING
First Vice President



EMIL RUTZ
President



ALFRED W. EAMES
Second Vice President

Outlook for Canned Foods in 1947 Is Theme of Association's 40th Anniversary Convention

The theme of the 40th Anniversary Convention of the National Canners Association, held at Atlantic City January 19 to 22, was "The Outlook for the Canning Industry in 1947."

In preparation for the industry panel dealing with this subject which was presented at the Second General Session at Hotel Traymore on Tuesday, January 21, were the feature addresses given at the Opening General Session in the Municipal Auditorium by outstanding business men: Retiring President Fred A. Stare; President-elect Emil Rutz; Graham C. Patterson, president and publisher of *Farm Journal* and *Pathfinder* magazines; David F. Austin, vice-president of the U. S. Steel Corporation; and H. W. Prentis, Jr., president of the Armstrong Cork Company.

These addresses indicated that business men must now depend on themselves and they pointed out the dangers that will ensue if business insists on continued government support. Emphasis was made as to the ultimate ill effect of a continuation of regimented economy and on the corresponding advantages of industry self-planning, self-thinking, and self-operation, since events are now taking us away from government-controlled economy to free enterprise.

Self dependence was stressed when it was indicated that the adjustment in production, in prices, and in the cost of production must be worked out by the canners themselves. The need for canners, in working out their problems of adjustment, to be kept constantly informed on supplies, markets, costs, etc., furnished a logical atmosphere for the panel of the second day.

The Panel constituted a round-up of such information from a variety of viewpoints. With First

CARLOS CAMPBELL
Secretary

Vice President-elect Howard T. Cumming as discussion leader, statements were delivered by prominent leaders in various phases of canned foods economy: H. F. Krimendahl, vice president of Stokely-Van Camp, Inc., and E. N. Richmond, president of Richmond-Chase Company, representing the canning industry; E. A. Meyer, Director, Research and Marketing Act, U. S. Department of Agriculture, representing Government; Guy E. Reed, vice president, Harris Trust and Savings Bank, representing finance; and Francis L. Whitmarsh, president of the National-American Wholesale Grocers Association, representing the distributor trade.

Following their statements the Panel was opened to questions from the floor and there was widespread and animated participation, so much so that Discussion Leader Cumming was obliged to cut off the questions and answers from the panel members in order to have time to present his summary of the session.

The prepared addresses of the speakers at the Opening General Session on Monday and of the panel members on Tuesday are presented in full on pages 26 to 35 and 35 to 45, respectively in this issue. Also, highlights of remarks of these speakers are presented on page 23.

Attendance at the Convention sessions broke all former records. The Panel filled every chair in the hall (capacity 1100) and there were standees in the back and at the side.

Attendance at the Opening General Session likewise broke the previous record of last year when 1,800 turned out to hear Lord Halifax. It was estimated that 3,500 people were in their seats when President Fred A. Stare began his opening remarks.

Opening Remarks of President Stare

"This convention marks the 40th anniversary of the founding of the National Canners Association. It was in 1907 that two of the regional canning organizations of those days, in joint session in Buffalo, voted to join forces and form an association of national scope.

"The thoughtful men whose practical idealism forged the new organization were actuated by the conviction that the good of the consumer and the good of the industry are bound together. They wrought an institution that has grown and expanded constantly through the years and has carried on through war, depressions

FRANK E. GORRELL
Treasurer

and other economic disturbances without once deviating from the fundamental precept that prevailed at the birth of N.C.A.

"It is fitting that we pause and honor their memories on this occasion.

"This convention is noteworthy not only as the 40th Anniversary of the founding of the National Canners Association, but also because it is the second full-fledged convention of N.C.A., since the close of the war.

* * *

"Our industry has been freed from almost all of the restrictions and regulations imposed during the war, and we are now almost entirely on our own.

"Heretofore, figuratively speaking, you have had someone to pray for you; now you must pray for yourself.

"The law of supply and demand is again in force, and it will be your own decision as to how you or your company will operate in 1947 and in years to come.

"Your Association staff will stand by with such assistance as its members can properly give, and if you feel the need of help or guidance from any of the many different divisions or sections, it is yours for the asking.

"The staff has been strengthened and enlarged, in some cases by return from the armed forces; in others by the acquisition of additional personnel for added activities.

"Substantial gains in membership have continued, and the much larger production in 1946 insures that Association finances will continue on a sound basis.

"I seek none of the credit for what the Association has accomplished. I have been honored to serve as your president for the past 21 months, but I know that the same progress would have been made, no matter who had held this office.

"There always comes a time when any elected officer reaches a milestone, when he necessarily and quite properly steps out so that another may carry on.

"I have been awaiting that time, and have wondered how it would seem. Now that it is here, I almost wish that I was just beginning, instead of finishing my final term.

* * *

"You have given me in my two terms as your president almost two years of friendships and happy experiences that will never be equalled. You have given me, through your let-

FRED A. STARE
Chairman, Finance Committee

ters and personal contacts, the enthusiasm to carry on. I have visited with you from Maine to California and from Canada to the Gulf. You have made it possible for you and me to know each other more intimately and to know you was to like you.

"I hope our paths will cross again."

Following Mr. Stare's remarks Chairman H. F. Krimendahl of the Nominating Committee presented the nominations for 1947 officers and Directors, and the elections were held. (These are reported on page 24.)

At this point Mr. Stare called President-elect Rutz to the platform and the Convention heard his speech of acceptance (reproduced page 26).

The Closing General Session was held Wednesday morning at the Traymore and at this session the resolutions, read by Henry P. Cannon II, were voted on and passed (see page 64); Chairman G. Sherwin Haxton of the Finance Committee formally reported that the report on the books of the Treasurer had been filed in the permanent records and the new officers were installed.

President Rutz then announced personnel of the 1947 Finance Committee (see page 25) and recognized H. E. Apple, Jr., of Rochester, who made a presentation to Past President Stare on behalf of the Association, with fitting words of appreciation of his valued service. Mr. Stare was presented with an antique English silver entree server set.

Attendance at the over-all Convention, including N.C.A., the National Food Brokers Association, C. M. & S. A., and the distributor organizations, along with the several other food processing and commodity organizations present, was estimated at approximately 19,000. Nearly 17,000 of this was figured by the Atlantic City Convention Bureau from registrations in the 40 hotels used by the above organizations and the balance is accounted for in the fact that people attended the Convention who had found accommodations in private homes or who drove in from nearby locations.

Canning Problems Conferences

Three canning problems conferences were held on January 21 and 22 for the presentation of topics of interest to production, research, and quality control men in the industry. Excellent accommodations for these meetings were furnished in the Municipal Auditorium, and attendance ranged from 100 to 300 or more persons.

Convention Issue

This issue of the INFORMATION LETTER is devoted largely to reporting the annual Convention of the Association, held last week in Atlantic City. It carries not only a running account of the meetings, but reproduces full texts of all the addresses made at the general sessions, the special program arranged for fish canners, and the Raw Products Conferences. The papers presented at the Canning Problems Conferences will be published in a special supplement as soon as they are assembled. The regular Saturday issue date of the LETTER will be resumed next week with the issue of February 8.

The first session, presided over by R. E. Sanborn, of the California Packing Corporation, was held Tuesday afternoon, January 21, and included four topics, two of which dealt with standards under the Federal Food, Drug and Cosmetic Act. The first speaker, H. Thomas Austern, of the Association's General Counsel, discussed the legal peculiarities of the standard-making process and showed their effect on the problem of organizing and presenting industry testimony at standards hearings. He was followed by H. R. Smith, of the Washington Laboratory, who described the program of preparation for a forthcoming hearing on canned corn, in which an application is being made of the principles enunciated by Mr. Austern.

The remainder of this session was devoted to the nutritive qualities of canned food. Dr. J. R. Esty, Director of the Association's Western Branch Laboratory, outlined the progress thus far in the industry's nutrition program which has been carried on for nearly five years in collaboration with a number of leading universities. Dr. L. E. Clifcorn, of the Continental Can Company, the final speaker at this session, presented results of research on vitamin C in tomato juice, showing the effect of various factors in the manufacturing process on the degree of retention of this vitamin.

At the second conference Wednesday morning, January 22, T. Stran Summers, of Chas. G. Summers, Jr., Inc., acted as chairman. Of the four topics discussed, three dealt with some aspect of plant sanitation. The first discussion leader, E. S. Doyle, of the Association's Western Branch Laboratory, recounted the development of the industry's sanitation program during the past two years. Two principal features of this have been factory surveys and educational programs, with more and more emphasis being placed on the latter. In addition, research has been conducted on specific sanitation procedures, an important example of this being in-plant chlorination of water supply. This was described by the second speaker, E. C. Ritchell, of the Minnesota Valley Canning Company, who listed the conditions under which chlorination may be helpful and the advantages to be gained under those conditions.

Speaking on the design of sanitary canning machinery, P. C. Wilbur, of the Food Machinery Corporation, traced the types and sources of contamination that must be guarded against and pointed out that choice of suitable machinery is not enough. It must be so installed as to facilitate cleaning, must be used intelligently, and adequate cleaning methods must be applied.

The final speaker on the Wednesday morning program, H. L. Roberts, of the American Can Company Research Department, discussed heat penetration in the processing of tomatoes. Variables, such as drained weight, exhaust, use of firming agent, maturity, and processing medium have been studied; of these the exhaust was the only one found to have an important effect on processing requirements. Mr. Roberts pointed out the great variability in center temperatures measured in individual cans of tomatoes, emphasizing the greater reliability of average temperature measurements as an index of processing efficiency with this product.

The final canning problems conference was held Wednesday afternoon with R. S. Scull, of Burnham & Morrill Company, as chairman. Mr. Scull introduced as first discussion leader, Dr. Evan Wheaton, of the American Can Company Research Department, who presented findings on control of bacterial contamination in tubular type blanchers. Although differing radically in design and operation from rotary blanchers, tubular blanchers may become infected with thermophilic bacteria. Accumulation of foam at the storage tank and use of low blanching temperatures were mentioned as possible sources of trouble, and remedial measures were pointed out.

Organization of quality control was discussed by J. E. Hall, of PictSweet

Foods, Inc. Mr. Hall emphasized that the real aim of quality control is quality improvement. To that end, the quality control department should seek to establish packing procedures at a uniformly high level and institute a system of checks on the maintenance of quality standards. Practical suggestions were offered on setting up such a department, selection of testing criteria, and on getting the most out of test reports.

C. W. Bohrer, of the Washington Research Laboratory, discussed the operation of mobile field laboratories in bacteriological field surveys of canning plants, and the planning and execution of such surveys. Experience has shown the advantages of a completely mobile unit which can be operated without the delays involved in setting up and dismantling one which is merely portable.

The final discussion leader was J. L. Heid, Research Director of the Florida Citrus Canners Cooperative. Mr. Heid's topic was "The Research Needs of the Citrus Industry." One of the most vital of these needs is to increase an understanding and appreciation of the role of citrus products in nutrition, it was pointed out. With respect to improvement and standardization of processing methods, much has already been accomplished; further progress will be facilitated if attention is given to the fundamental chemistry of citrus products. A number of interesting developments are already in the experimental stage.

Following the practice initiated at the 1946 Convention, the complete text of the papers presented at the three canning problems conferences will be printed as a supplement to the INFORMATION LETTER in the near future. Separates of the individual papers will also be available from the Washington Research Laboratory after the appearance of the supplement.

Raw Products Conferences

The Raw Products Conferences drew large attendances on the afternoons of January 20, 21 and 22, and at the special evening session which was held on Tuesday, January 21. These conferences were under the direction of Dr. C. H. Mahoney, head of the Association's Raw Products Bureau.

At the January 20 conference the emphasis was placed upon fundamental problems pertaining to soil fertility and soil management, and on methods of applying fertilizer with respect to many canning crops. The conference the day following was devoted to addresses on insect control, DDT residues, and disease control, followed by panel discussion on methods of disease and insect control on many canning crops. The third conference was devoted to special addresses on production and management problems of the more important canning crops, followed by a rather detailed panel discussion on production problems.

Various research workers illustrated by the use of colored lantern slides the work they were doing on fertilizer application, insect and disease control, and special equipment at the special evening session on January 21.

Dr. F. E. Bear of the New Jersey Experiment Station, Dr. J. B. Hester of the Campbell Soup Company, G. A. Cummings of the U. S. Department of Agriculture and F. S. Lodge of the National Fertilizer Association were the featured speakers on the first day's program. Dr. Bear discussed some of the fundamentals of soil chemistry in terms of practical application which were of a great deal of interest to every one present. Dr. Hester explained in detail the reasons for his recommendations on fertilization of the tomato crop, with emphasis on prior soil testing and field performance records. Mr. Cummings summarized the extent of the cooperative fertilizer experiments in the various States and described the type of special equipment being devised for application of fertilizers. Mr. Lodge summarized briefly the situation with respect to 1947 supply of various plant foods needed in fertilizer mixtures and stated that they should be ample but might not be enough to satisfy the increased demands.

The discussion panel consisted of 14 research workers from various canning States who were called upon to answer specific questions concerning fertility problems in their areas and to make recommendations.

W. G. Bradley of the U. S. Department of Agriculture discussed methods for control of European corn borer at the January 21 conference. He was followed by a discussion panel on the use of DDT and the significance of DDT residues. Dr. G. C. Decker of Illinois, Dr. L. P. Ditman of Maryland, Dr. B. B. Pepper of New Jersey and D. J. Caffrey of the U. S. Department of Agriculture made up this discussion panel. A general insect control discussion panel followed, made up of six State entomologists.

Dr. S. P. Doolittle of the U. S. Department of Agriculture summarized the tomato conference held at Indianapolis last November and discussed the control program for 1947. He was followed on the program by an address on weather forecasting by R. C. Schmidt and W. C. Jacobs of the Weather Bureau. The discussion by plant pathologists pointed out the critical moisture and temperature relationships with respect to tomato blight and therefore the methods of forecasting weather and the services available were of a great deal of interest to those present.

These talks were followed by a general panel discussion by State plant pathologists on disease control problems. That evening the experiment station workers and technical workers from the canning companies met to continue their discussions on insect and disease control and fertility problems and some very interesting colored slides were shown illustrating the work done both at the experiment stations and by some of the canning companies.

On Wednesday afternoon the crop insurance program was discussed by F. C. Geissler of the Federal Crop Insurance Corporation. C. B. Sayre of the New York State Agricultural Experiment Station discussed new work on the rate of seeding peas treated with Spergon. Dr. C. D. Schwartze of the Washington Experiment Station discussed the new developments and breeding program with respect to small fruits for processing. Frank Irons, Agricultural Engineer of the U. S. Department of Agriculture discussed the fundamental work being carried on by the Bureau on developing new equipment for spraying and dusting crops. Dr. E. S. Haber and H. T. Miller of Iowa discussed their experiences with the various types of sweet corn harvesters.

Following these addresses, a discussion panel consisting of 19 experimental workers discussed various phases of production, quality control of raw products, and general production recommendations on various canning crops.

Fishery Products Conference

The N.C.A. Fisheries Products Conference on Monday, January 20, followed a luncheon given for the speakers on the program by the members of the N.C.A. Fishery Products Committee and members of the Board of Directors. Congressman Fred Bradley of Michigan, Chairman of the House Merchant Marine and Fisheries Committee and one of the speakers, brought with him four other members of the Committee, who also were guests at the luncheon.

The afternoon session was presided over by E. M. Brennan, Chairman of

the N.C.A. Fishery Products Committee. Considerable interest was demonstrated by the large representation in attendance.

Congressman Fred Bradley was the first speaker. (His address is reproduced on page 53). He presented an outline of the Merchant Marine and Fisheries Committee as it will function in the 80th Congress, including the general committee line-up and the proposed breakdown of the full committee into eight subcommittees.

Governmental activities affecting the fisheries was the subject of the second address by H. Thomas Austern, N.C.A. Counsel. He discussed the wage and hour situation, activities of the Federal Trade Commission in enforcing the Robinson-Patman Act, unemployment insurance taxes, food and drug standards, and the current hearings on reciprocal trade agreements, and the proposed charter of the International Trade Organization. (See page 61.)

Colonel Reginald H. Fiedler, now on terminal leave from the Army of the United States, discussed the Japanese fisheries situation in Japan as he found it when he assumed the direction of the Fisheries Division of the Allied Military Government. (For the text of his address, see page 56.)

Dr. D. B. Finn, Director, Fisheries Division, Food and Agriculture Organization of the United Nations, outlined the functions of the FAO in relation to world fisheries. (See page 59 for text.)

The program was concluded with a talk by Milton C. James, Assistant Director, Fish and Wildlife Service, Department of Interior, who outlined the plans of his organization in connection with regulatory, research and conservation activities in the Alaskan and domestic fisheries. (See page 54.)

Another phase of the Convention fisheries program was the cutting of samples of imported canned fish purchased on the retail market in Washington and Baltimore. Approximately 50 samples of 15 different varieties of canned fish were displayed and inspected by canner-members.

Annual Report Mailed

Copies of the Secretary's Report for 1946 and the Annual Report to the Research Committee (1946) were distributed at the Convention and an additional copy has been mailed to each canner-member.

Convention Speakers Said . . .

. . . When Government restrictions on construction were lifted, ground was broken for a number of projects which, when completed will add approximately one million tons, to the present capacity for tin mill products. . . . Unfortunately, considering the seasonal aspect of the demand, none of the increased production will be available during the first six months of 1947.—*David F. Austin, Vice President, U. S. Steel Corporation, Pittsburgh, Pa., at the Opening General Session.*

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. . . There are still some old-fashioned people in the world like myself, who believe that certain things will be as true a thousand years from now as they are today. Common honesty will still be common honesty. A truthful balance sheet will still be a truthful balance sheet. . . . The price of freedom is fixed. And liberty must be bought and rebought at the same price by every generation for itself.—*H. W. Prentis, Jr., President, Armstrong Cork Co., Lancaster, Pa., at the Opening General Session.*

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. . . I might add that any industry is just as strong as its weakest link and no stronger. And if you people have trouble, it is hard on the farmer. If your distributors are having trouble, it is hard on both of you and vice versa. . . . —*Graham C. Patterson, publisher,* Farm Journal *and* Pathfinder *magazines, Philadelphia, Pa., at the Opening General Session.*

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. . . But last, and most important, many canners will come to see that only by increased efficiency, by sound production methods, and by the most careful planning will they be able to do a good job in 1947. Efficiency is in great measure the key to costs, just as quality often turns out to be the controlling factor in price.—*H. F. Krimendahl, Vice President, Stokely-Van Camp, Inc., Indianapolis, Ind., at the Canners Outlook Panel.*

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. . . Your industry is presently confronted with taking either of two extreme roads: The road of high prices and curtailed production, or the road of lowered prices and continuing high production. I don't believe that either of these two roads presents the complete answer. I believe the solution lies somewhere midway of these two roads. Your judgment and your experience in your own work will tell you better than I can just about what point between the two is the one you will wish to achieve.—*E. A. Meyer, Assistant Administrator, Production and Marketing Administration, USDA, Washington, at the Canners Outlook Panel.*

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. . . Certainly there will be ample credit for the financing of the 1947 pack. The rates may be slightly higher—but looking backward over the year 1946 you must remember that commercial loans are up 50 percent as of January, compared to a year ago.—*Guy E. Reed, Vice President, Harris Trust and Savings Bank, Chicago, Ill., at the Canners Outlook Panel.*

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. . . From the information I can obtain, only a small percentage of the total pack remains in first hands and while distributors at all levels find themselves with heavy and badly balanced inventories, I believe that in most cases these are not heavy enough to exceed the demand from the consuming public by the time new crops reach the retail level.—*Francis L. Whitmarsh, President, National-American Wholesale Grocers' Association, New York, N. Y., at the Canners Outlook Panel.*

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. . . Because of the removal of practically all government controls, we enter 1947 production and distribution on the basis of free competitive markets. Competition will affect us in accordance with supply and demand, and in consequence the individual canner as he plans his 1947 production must give consideration by commodity to the inventory position of that commodity prior to his calculations for his own 1947 production.—*E. N. Richmond, President, Richmond-Chase Co., San Jose, Calif., at the Canners Outlook Panel.*

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. . . This industry will find increasing competition for the consumer's food dollar —competition from both frozen and fresh fruits and vegetables. One most effective weapon against that competition is quality merchandise. Let's supply plenty of it.—*Howard T. Cumming, President, Curtice Bros. Co., Rochester, N. Y., at the Canners Outlook Panel.*

EMIL RUTZ ELECTED PRESIDENT OF N. C. A. TO SUCCEED STARE—CUMMING AND EAMES NAMED VICE PRESIDENTS

Campbell and Gorrell Continue; 32 New Directors Chosen and 39 Held Over

Emil Rutz of Schuckl & Co., Inc., Sunnyvale, Calif., was elected President of the National Canners Association at the Opening General Session of the N. C. A.'s 40th Annual Convention. Mr. Rutz succeeds Fred A. Stare of Stokely-Van Camp, Inc., Columbus, Wis., who retires as N. C. A. head after serving two terms.

Other officers elected at the same session include: First vice president—Howard T. Cumming, Curtice Brothers Co., Rochester, N. Y.; second vice president—Alfred W. Eames, California Packing Corp., San Francisco, Calif.; Secretary—Carlos E. Campbell, Washington, D. C.; and treasurer—Frank E. Gorrell, Washington, D. C. Mr. Eames, Mr. Campbell, and Mr. Gorrell continue in office, all three having held similar positions during 1946. Thirty-two directors of the Association also were elected at this session and 39 held over from 1946.

Mr. Rutz, who for many years has been a prominent figure in the canning industry, becomes the 35th canner to serve as head of the N. C. A. during its 40 years of existence, some presidents having served double terms. He previously served during the past year as first vice president of the Association and has been a Director.

Mr. Cumming, the new first vice president, has served in numerous capacities with the N. C. A. and in the canning industry. He became particularly well-known to the industry during the war for his services as chairman of the Canned Fruit and Vegetable Advisory Committee which was set up to consult with the Government concerning price control, food rationing, procurement of canned foods for the armed services, and other wartime problems.

Mr. Eames, the second vice president, has been identified with the canning industry for many years and is president of the California Packing Corp., San Francisco, Calif. He has served in numerous capacities with the N. C. A. and the canning industry, and is a past president of the Canners League of California.

Both Mr. Campbell and Mr. Gorrell have been very active in the canning industry. Mr. Gorrell was founder of the N. C. A. and served as its secretary for 38 consecutive years after which he voluntarily withdrew as secretary and became the organization's treasurer. Mr. Campbell at that time was elected to succeed Mr. Gorrell as secretary of the N. C. A.

The following directors were elected or were held over and will serve the Association during the term indicated.

N.C.A. Board of Directors

Directors Elected for One-Year Term

E. J. Draper, Treesweet Products Co., Santa Ana, Calif.
J. Frank Gimlin, Rocky Mountain Packing Corp., Salt Lake City, Utah.
Ernest E. Killion, Jr., Vincennes Packing Corp., Vincennes, Ind.
C. L. Rogers, Point Adams Packing Co., Hammond, Ore.

Directors Elected for Two-Year Term

H. E. Apple, Jr., Birds Eye-Snider Division of General Foods Corp., Rochester, N. Y.
H. D. Booker, Lottsburg, Va.
Garnet Fleming, Morristown Canning Co., Morristown, Ind.
Harry Haserot, Hawaiian Canneries Co., Ltd., Kapaa, T. H.
F. L. Leard, Custom House Packing Co., Monterey, Calif.
Julian McPhillips, Southern Shell Fish Co., Inc., Harvey, La.
Albanus Phillips, Jr., Phillips Packing Co., Cambridge, Md.
Dr. G. C. Scott, Minnesota Valley Canning Co., Le Sueur, Minn.
Robert Williams, Stokely Foods, Inc., Oakland, Calif.

Directors Elected for Three-Year Term

J. Logan Bloodworth, Cherokee Products Co., Haddock, Ga.
Fred C. Bush, Bush Bros. & Co., Dandridge, Tenn.
A. L. Cramer, Engelman Products Co., Elsa, Texas.
H. K. Defendorf, Kauai Pineapple Co., Ltd., Kalaheo, T. H.
Roy Demeritt, The Demeritt Co., Waterbury, Vt.
Edward Dunlap, Plymouth Canning Co., Plymouth, Ind.
Howard Fuhremann, Fuhremann Canning Co., Lanark, Ill.
Dr. T. O. Goeres, Lodi Canning Co., Lodi, Wis.
H. E. Kelley, H. E. Kelley & Co., New Church, Va.
Leo T. Kreielsheimer, Kadiak Fisheries Co., Seattle, Wash.
Steve Lange, Owatonna Canning Co., Owatonna, Minn.
R. E. McCaughern, Starr Fruit Products Co., Portland, Ore.
L. E. Neel, Turlock Cooperative Growers, Modesto, Calif.
Robert Payne, Eau Claire Packing Co., Eau Claire, Mich.
M. B. Pike, Holmes Packing Corp., Eastport, Maine.
R. D. Robinson, Dr. P. Phillips Canning Co., Orlando, Fla.
Elton S. Shaw, Sunny Slope Farm, San Jose, Calif.
Albert T. Smith, Smith Canning Co., Clearfield, Utah.
T. C. Tait, Swift & Co., Chicago, Ill.

Directors Held Over From 1946

C. R. Barnhart, Winorr Canning Co., Circleville, Ohio.
Luke Beckman, The Beckman & Gast Co., St. Henry, Ohio.
F. A. Blankenship, Good Canning Co., Fort Smith, Ark.
J. J. Bogdanovich, French Sardine Co., Terminal Island, Calif.
Henry P. Cannon II, H. P. Cannon & Son, Inc., Bridgeville, Del.
Ben F. Counter, Fort Lupton Canning Co., Fort Lupton, Colo.
H. T. Cumming, Curtice Bros. Co., Rochester, N. Y.
Wm. R. Eddington, Eddington Canning Co., Springville, Utah.
Robert Flowers, Mitchell Canneries, Fort Meade, Fla.
Wm. H. Foster, Foster & Wood Canning Co., Lodi, Calif.
Robert A. Friend, Friend Bros., Inc., Melrose, Mass.
W. T. Dixon Gibbs, Gibbs & Co., Inc., Baltimore, Md.
Clark Hagan, Sac City Canning Corp., Sac City, Iowa.
Earle Johnson, Gerber Products Co., Fremont, Mich.
F. Lowden Jones, Walla Walla Canning Co., Walla Walla, Wash.
A. D. Kennedy, Crosse & Blackwell Co., Baltimore, Md.
Cassius L. Kirk, PictSweet Foods, Inc., Bozeman, Mont.
M. E. Knouse, Knouse Corp., Peach Glen, Pa.
N. J. Lau, Clyman Canning Co., Clyman, Wis.
R. G. Lucks, California Packing Corp., San Francisco, Calif.
H. E. MacConaughey, Hawaiian Pineapple Co., Ltd., San Francisco, Calif.
G. B. Morrill, Jr., Burnham & Morrill Co., Portland, Maine.
K. H. Nelson, Otoe Food Products Co., Nebraska City, Nebr.
J. B. Park, Brandywine Mushroom Corp., West Chester, Pa.
Harold Patterson, Lyndonville Canning Co., Lyndonville, N. Y.
Guy E. Pollock, Marshall Canning Co., Marshalltown, Iowa.
Louis Ratzesberger, Illinois Canning Co., Hoopeston, Ill.
L. L. Recker, Adams Packing Coop., Canning Div., Auburndale, Fla.
Walter Scheid, Loudon Div. of Standard Brands, Napoleon, Ohio.
Louis H. Schlecht, Rossville Packing Co., Rossville, Ill.
A. D. Schwaner, F. M. Ball & Co., Oakland, Calif.
C. Courtney Seabrook, Deerfield Packing Corp., Bridgeton, N. J.
O. E. Snider, Blue Lake Packers, Inc., Salem, Ore.

K. K. Soule, Monmouth Canning Co., Portland, Maine.
Marcus L. Urann, Cranberry Canners, Inc., Hanson, Mass.
Alan R. Warehime, Hanover Canning Co., Hanover, Pa.
Ed Watson, PictSweet Foods, Inc., Mt. Vernon, Wash.
L. J. Weix, Oconomowoc Canning Co., Oconomowoc, Wis.
S. G. Wimmer, S. G. Wimmer & Son, Christiansburg, Va.

1947 FINANCE COMMITTEE

Also approved at the closing session of the Convention on Wednesday was the personnel of the Finance Committee for 1947. As announced by President Emil Rutz, it is as follows:

F. A. Stare, Chairman, Stokely-Van Camp., Inc., Columbus, Wis.
H. K. Bachelder, Ladoga Canning Co., Indianapolis, Ind.
H. J. Barnes, Kaysville Canning Corp., Kaysville, Utah.
E. B. Cosgrove, Minnesota Valley Canning Co., Le Sueur, Minn.
H. T. Cumming, Curtice Bros. Co., Rochester, N. Y.
S. B. Cutright, Illinois Canning Co., Hoopeston, Ill.
Clinton W. Davis, Portland Packing Co., Portland, Maine.
Ralph O. Dulany, J. H. Dulany & Son, Fruitland, Md.
A. W. Eames, California Packing Corp., San Francisco, Calif.
A. T. Flynn, Reid, Murdoch & Co., Chicago, Ill
William A. Free, Hungerford Packing Co., Hungerford, Pa.
H. K. Funderburg, Rock Valley Canning Co., Belvidere, Illinois.
Frank Gerber, Gerber Products Co., Fremont, Mich.
Walter L. Graefe, Pomona Products Co., Griffin, Ga.
H. E. Gray, Barron-Gray Packing Co., San Jose, Calif.
Frank A. Harding, Wm. Underwood Co., Watertown, Mass.
G. Sherwin Haxton, Haxton Foods, Inc., Oakfield, N. Y.
Scott A. Holman, Libby, McNeill & Libby, Chicago, Ill.
Marc C. Hutchinson, Michigan Fruit Canners, Inc., Fennville, Mich.
H. F. Krimendahl, Stokely-Van Camp, Inc., Indianapolis, Ind.
William C. Kunzman, Kuner-Empson Co., Brighton, Colo.
C. E. Lindsey, Lakeland Highlands Canning Co., Highlands City, Fla.
Carl N. Lovegren, United States Products Corp., Ltd., San Jose, Calif.
H. E. MacConaughey, Hawaiian Pineapple Co., Ltd., San Francisco, Calif.
Art Oppenheimer, Marshall Canning Co., Marshalltown, Iowa.
Robert C. Paulus, Paulus Bros. Packing Co., Salem, Ore.
Ralph Polk, Jr., The Polk Co., Tampa, Fla.
E. N. Richmond, Richmond-Chase Co., San Jose, Calif.
H. N. Riley, H. J. Heinz Co., Pittsburgh, Pa.
Emil Rutz, Schuckl & Co., Sunnyvale, Calif.
J. B. Weix, Oconomowoc Canning Co., Oconomowoc, Wisconsin.
Oliver G. Willits, Campbell Soup Company, Camden, N. J.
Paul H. Wolf, Roach-Indiana Corp., Gwynneville, Ind.

FRANK E. GORRELL HONORED

Over 500 Attend Testimonial Dinner for Founding Secretary of the N. C. A.

Frank E. Gorrell, founding secretary of the National Canners Association, was the guest of honor at a testimonial dinner January 21 in the American Room at Hotel Traymore and the event was the principal observance of the 40th Anniversary of N.C.A. on the Convention Week program. More than 500 turned out to honor the man whose guidance and leadership from 1907 to the present time have played so great a part in the progress and expansion of the canning industry.

The men and women who were there to pay him homage came from all divisions of the industry—they were canners, brokers, machinery and supplymen, and distributors.

The star performer on the program of tributes was the toastmaster—John F. McGovern, who once having made himself famous on the football field as an All-American quarterback for Minnesota, made himself famous all over again in the banquet hall as a super master-of-ceremonies, conducting the festivities with brilliant wit and in the liveliest tempo.

He introduced the following past presidents of the Association:

E. B. Cosgrove, Ralph O. Dulany, Frank Gerber, Walter L. Graefe, G. Sherwin Haxton, Marc C. Hutchinson, H. F. Krimendahl, Fred A. Stare and Robert C. Paulus, along with President-elect Emil Rutz, First vice president-elect Howard T. Cumming, Second vice president-elect Alfred W. Eames, and Secretary Carlos Campbell, and Association Counsel H. Thomas Austern.

The Association of State Secretaries made a presentation, with appropriate words by its new president—M. A. Clevenger—of a beautiful chiming electric clock, and four of the local organizations sent flowers to help dress up the banquet hall. These were the Ohio Canners Association, the National Kraut Packers Association, the Southern California Food Processors Association and the National Shrimp Canners Association.

President-elect Rutz made a presentation, on behalf of the Association, of a money gift, with a suggestion to Mr. Gorrell that he use it to equip himself with the best available new radio on the market.

Six speakers from the canning clan, selected for their close contact and intimate acquaintance with Mr. Gorrell, gave talks—some impromptu, some prepared—relating humorous and affectionate episodes out of their association with the guest of honor.

The first of these was Mr. Stare who told of the early days of Association history and the leading part Mr. Gorrell played in its formulation and conduct. He was followed by Mr. Eames, who recalled episodes of his first meeting with Mr. Gorrell in Honolulu and paid tribute to Mr. Gorrell's foresight in matters of scientific research. Mr. Gerber added further reminiscences particularly dealing with their joint trip to Europe of many years ago. Mr. Cosgrove paid acknowledgment to Mr. Gorrell's famous attribute of "listening" and disclosed Mr. Gorrell as one of the three "wise men" who had most influenced him. Mr. Austern dwelt on his two great qualities of "sagacity and kindliness" and Mr. Campbell quoted from the principles of the National Canners Association as a reflection of Mr. Gorrell's sound idealism.

Board of Directors Meet

The Association's Board of Directors held an all-day meeting on January 19, preceding the opening session of the Convention, and took action—

Affirming that the public interest will best be served if the Government continues its system of direct buying of canned foods and reinstates the waiver of the provisions of the Public Contracts Act (Walsh-Healey) with respect to such purchases.

Moving adoption of a resolution calling upon N.C.A. to urge immediate revocation of M-81, to recommend no further Government control of limitation of can sizes and to conduct an independent survey of industry opinion as to what sizes should be recommended for inclusion in SPR-155, with full compliance with SPR-155 pending revision.

(Continued on page 69)

Opening General Session

SPEECH OF ACCEPTANCE DELIVERED BY EMIL RUTZ ON HIS ELECTION AS NATIONAL CANNERS ASSOCIATION PRESIDENT

Mr. Stare and members of the National Canners Association: I thank you for your expression of confidence.

When I contemplate the importance and position of this organization in this, its 40th Convention, and the far-flung operation it represents, I realize how much the shaping of its future depends upon the efforts of the many who actively participate in its deliberations and counsels and on the interest taken by the membership at large.

The immediate future is momentous with change. We welcome its challenge, not in any easy-going attitude of laissez-faire assuming that we are returning to an old normalcy, but because we are facing new conditions, new problems, new contingencies—the successful resolving and working out of which it is the purpose of this Association to achieve. And who can doubt the outcome of our united efforts in convention, in committee, and in membership interest and cooperation?

The past year has brought an invigorating release from hampering restrictions and controls and freedom to manage our own affairs in line with the exercise of individual judgment and initiative. Freedom is a human right, not merely a property right.

Government abuses define mistakes, not remedies. We must supply the latter, and we can best do this by freeing ourselves of whatever is bureaucratic and reactionary that we may heighten the contrast with a prosperous free enterprise on the one hand, and a keen sense of solid business responsibility to the public on the other.

That men do not measure up to their ideals is a reflection on neither, so long as there is unremitting effort to do so. It is this commendable attitude and spirit that has high-lighted the work of our very excellent research and home economics staffs. Working quietly in fair weather and foul, undeterred by the detonations and dislocations of our war economy, these faithful agencies of our Association have made steady progress.

With the return of competitive conditions, it is more imperative than ever before that these functions—which may be called the very cornerstone of the National Canners Association—be continued and enlarged and that we provide our staffs with facilities and equipment commensurate with their tasks. Nor should we be like the man who compiled a mountain of statistics and then didn't know what to do with them. The work of our research and home economics staffs should be thoroughly broadcast, integrated, and converted into practical use for the benefit of canner and consumer alike. I mention this phase of the work as an illustration of the zeal and enthusiasm that characterizes the performance of the staff of every department at headquarters and in the field. We pay them all our grateful thanks.

When Mr. Haxton placed my name in nomination for first vice president at the 1946 Convention, he emphasized the growing importance of management-labor relations, and mentioned my activity with the California Processors and Growers. And since labor is a staple of industry, a word about our work in California seems timely. For the past ten years the California Processors and Growers has been handling labor questions for California canners in the face of constant labor agitation and the most senseless of all labor excesses—jurisdictional disputes. During that time we have been able to keep the plants operating with no significant interruptions.

I believe that every canner, wherever located, whatever the size of his operation, recognizes, as never before, the vital importance of satisfied workers and therefore will wisely foster harmonious and friendly relations with his help. Enlightened self-interest prompts this view; humane considerations invite it; the times enforce it.

In our work in California we strive to keep the self-interest of the agitator, plugging insidiously his own game, entirely detached from the genuine labor problem to be negotiated on its merits.

The need is for sanity and common sense, clearing away greed and bigoted prejudice. Neither side has a corner on the good or the bad. But the business man should best be able to understand what is equitable and right, what constitutes a living wage, regardless of extravagant claims of union representatives playing their own selfish game, not that of labor. Not how cheap we can get labor, but how economical. Cheap labor is dissatisfied labor—resentful, slow-moving, indescribably wasteful in many ways.

There is continuing work to be done, and I believe it is within the scope of the N.C.A. activities to work toward and support any legitimate movement designed to correct inequities in existing labor laws or their biased interpretations, particularly those affecting our own industry.

It is well to remember that in labor matters we are still dealing with individuals, not with a herd. That viewpoint is humane, not sentimental; practical, not theoretical; good business, not collectivism. We have had a taste of collectivism in recent governmental attempts to run business by remote control. It didn't make sense because of the barriers it imposed between individual needs, particular to localities, and, business as a whole. Our Association can accomplish what remote control should never attempt, for we are a pool of inside knowledge and experience. What one of us tells another is validated in a common field of enterprise. Hence there is pertinency in the fact that our Association welcomes opportunities to help individual members on matters falling within the scope of its general service. Here you will always have a voice and a forum. We can depend on the good judgment of a member to distinguish between business problems exclusive and personal to him, and those of general concern to the Association.

In this restricted sense, your problem is ours. And it often comes out that a difficulty experienced by one individual in his field, is matched either by similar conditions in other canneries or by solutions already arrived at. Make use of your Association. To do otherwise is to limit possibly not one, but several, operations in localities widely separated. Here operational conditions can be studied, compared, and sifted—not only for the benefit of the few directly concerned, but thus supply an advantage to many.

These are the proved advantages and fruits of Association activity. It should be remembered that very few canners have any research facilities at all. It has become almost an axiom of large-scale business operations in any line of industry that mere experience without research is liable to narrow into routines and repetitions of error, rather than rise into new, radical, and successful departures from old ways. This truth contains all the reasons why it must be our constant aim to improve the effectiveness of our research and so verify, to the fullest extent, the practical worth of our Association.

In conclusion, let it be observed that I assume no role of prophet with respect to the future of the canning industry. There is, however, something both of prophecy and fulfillment in the fact that the founders of this Association were foresighted in providing in the by-laws of this non-profit organization, ample means for safeguarding the integrity and sound business principles of canning as a public service yielding an earned increment. True to the ideals which founded this Association, we shall continue to inspire public confidence by maintaining those standards of excellence worthy both of continuance and of increase.

THE PRICE OF FREEDOM

By H. W. Prentis, Jr., President, Armstrong Cork Company

I make no apology for the note of seriousness that my subject today connotes, for these are grim and portentous times. It is not too much to say that the next 12 to 24 months will probably determine whether this country is to remain a beacon light for humanity on the long, hard road to freedom or whether we too, with the rest of the world, are to be ultimately submerged in the rising tide of totalitarianism.

Perhaps what I have to say is more of a sermon than an address. If so, you will find my text in Paragraph XV of the Bill of Rights proclaimed by the Virginia Assembly in June, 1776, about three weeks before the momentous Declaration from Independence Hall on the 4th of July of that same year. That paragraph reads: "No free government or the blessing of liberty can be preserved to any people but by a firm adherence to justice, moderation, temperance, frugality and virtue and by a frequent recurrence to fundamental principles." I have selected it because it states in succinct and lucid fashion what our American forefathers considered the price that any nation must pay for liberty.

What then are those "fundamental principles"? From what sources do they stem? What historic grounds do we have for confidence in their validity? The pragmatic philosophy that has pervaded so much of America's thinking in the past forty years denies that there are any eternal verities; refuses to concede that there are any principles of truth and morality and social conduct that are permanent and lasting. Everything is relative; nothing is absolute. Our so-called progressive education directly reflects that type of reasoning and now it has invaded the realm of law and justice, where sociological jurisprudence is ascribing new and strange meanings to the plainly written provisions of our Federal Constitution.

However, there are still some old-fashioned people in the world like myself, who believe that certain things will be as true a thousand years from now as they are today. Common honesty will still be common honesty. A truthful balance sheet will still be a truthful balance sheet. A steel girder of a given size and composition will still be safe to carry only a certain maximum load. Oil and water will still refuse to form a chemical mixture. And generations hence, man will still find that he does not live by bread alone, which conviction will lead him to assert again and again his possession of those divine, inalienable rights that distinguish him from brute creation. So while the mechanics of government may and will change, the principles on which men may associate themselves permanently to enjoy the blessings of liberty are firm and immutable. The price of freedom is fixed. And liberty must be bought and rebought at the same price by every generation for itself.

Obviously, in addition to practicing justice, moderation, temperance, frugality and virtue, we must also know what those fundamental principles are if we are to recur to them frequently—as the Virginia Bill of Rights says we must. Yet how many Americans have even a casual acquaintance with those principles? How many members of this assemblage—far above the level of the average American audience in education and intelligence—could appear today before a group of their fellow citizens and make even a sketchy explanation and defense of the foundations on which the American Republic rests? And yet is it not obvious that without such knowledge widely dispersed among our people, the preservation of our system of popular self-government is simply impossible? The fact is that we have all been very smug and complacent. We have taken our freedom for granted. We have washed our hands of so-called "dirty politics." We have buried our heads in the sand while a vocal minority in our midst have been steadily undermining the foundations of our freedom for half a century. "The mills of the gods grind slowly, but they grind exceedingly small" and we have permitted the mills of the collectivists—operated in the majority of cases by kind-hearted but short-sighted men and women—to befuddle the thinking, arouse the covetousness, and destroy the faith and self-confidence of great groups of our people who now turn to that mythical being, the government, to solve their economic difficulties.

Yet I am not without hope. The fact that you are here to listen to a talk of this nature; the fact that more Americans today are examining the foundations of their liberty than at any period since the Civil War; the fact that more books are now being written about the American system than have been for a generation; the fact that so many businessmen are planning now to provide greater stability for our economic system in the years ahead—all indicate that the thinking people of America are coming alive to the seriousness of the situation that confronts us and are again girding themselves to pay the price of freedom—no matter what that price may be in personal effort and sacrifice, and in persecution and smearing by those who do not hesitate to apply personal vilification to anyone who has the courage to stand for sound American principles.

The roots of American liberty are sunk deep in philosophic and religious soil. They go down to those far-off days in Palestine 1100 years before Christ when the prophet Samuel warned the Hebrew people what they would suffer in loss of personal dignity and independence if they insisted on having an earthly king; to those distant generations in ancient Greece when men sought to discover the requirements for living a good life; to that great period when the free men of ancient Rome explored the possibilities of a self-governing republic under the rule of law; and to those brief years of Christ's ministry in Judea, proclaiming the fatherhood of God and the brotherhood of man. The common philosophy on which American freedom rests holds that there is a vital relation between freedom and reason; that freedom, in other words, is intelligent behavior. Thus emphasis is placed on understanding, and on the development of reason and intelligence, and our society has been organized on the basis of a meeting of minds and of mutual respect.

Three great historic currents of thought combined to foster and develop this concept of freedom among the English-speaking peoples: First, the Nominalist philosophy in England in the fourteenth century; second, the British Reformation led by John Wyclif two hundred years before Luther; and third, the revival of classical learning in England in the sixteenth century.

Reality of the Individual

Neither the time nor the occasion permits a discussion of these three momentous movements. Suffice it to say that the English monk, William of Ockham, the founder of the Nominalistic school of philosophy, postulated the fundamental tenet of English and American liberalism—individualism—about the year 1325 when he taught at Oxford. Applying that concept to government, the English-speaking peoples have said ever since that the reality of the individual and his concrete experience in a real world must be respected.

John Wyclif placed translations of the New Testament in the hands of the common people all over England; set up "conventicles" where the populace got together for prayer and worship; and taught that the sacraments of the church meant nothing unless the individual who accepts them knows what he is doing and what they signify. As a result, our forefathers came to the shores of the American continent impregnated with the principles of personal moral responsibility, the right of private judgment and the right of free assembly which, together, filled them with a fervent passion and unshakeable belief in the inward spirituality of the individual soul.

With this principle as the foundation, they erected the tripod on which our individual freedom in America rests today. First they maintained

that if man did possess a sacred personality, he had the right to choose who should rule over him. On that thesis they reared the first supporting tower of our edifice of liberty—constitutional representative democracy. Again they argued that since man possessed a sacred personality, he had the right to think, speak, assemble and worship as he saw fit. On that concept they erected the second tower of the structure of American liberty—civil and religious freedom. And finally they reasoned that any man endowed with a sacred personality had the right to possess for himself such portion of the God-given resources of the earth as he could win by honest toil and effort. Thus they asserted every individual's right to private property and economic activity of his own choice, and on that basic tenet they built the third supporting tower of their temple of liberty—private competitive business. These three towers stand or fall together. Destroy any one of them, and the whole structure of freedom soon collapses.

Tyranny Not Merely a Word

To our forefathers tyranny was not merely a word. They knew what tyranny meant literally in terms of religious, intellectual, economic and political expression. They dreamed of a land where every man—no matter how humble—could have liberty and the opportunity to pursue happiness in his own personal way, so long as he did not interfere with the rights of others. Hence they resolved to set up a form of government that would prevent tyranny from ever raising its ugly head again. They gave us the best instruments designed to that end that the mind of man has yet devised—our Federal and State Constitutions. But these Constitutions are worth nothing in preserving our freedom unless they are backed up by citizens who are willing to pay the continuing price of liberty. The corner stone of the Republic our forefathers established was the religious concept of which I have spoken: The conviction that every human being is endowed with a soul that is sacred in the eyes of a Sovereign God. From this principle, they derived the two basic theses that they employed in setting up our system of popular self-government.

First, they concluded that, since God had created man in His own image with the power to distinguish between right and wrong, every individual ought to listen with respect to the opinions expressed by his fellow citizens, and that whatever judgment was expressed by the majority of such divinely created human beings after full and free discussion, was likely to be closest to God's will for all of them. Vox populi, vox Dei—the voice of the people is the voice of God! This idea is reflected in the assertion that governments derive their just powers from the consent of the governed.

Their second thesis was equally logical, namely, that every mortal soul is endowed by its Creator with certain natural inalienable rights that no human agency whatever may justly invade—neither any man called "king," nor any group of men representing a temporary majority called "government." To guard these natural rights, government, in John Locke's words, should be confined to four objectives—the protection of life, property, peace and freedom.

The problem of the founders of this Republic, therefore, was how to combine these two opposing principles into a workable, durable government adapted to human nature in its manifold economic, intellectual and spiritual aspects, and to a large population scattered over a big country. They discarded the idea of a pure democracy in which all decisions would be made by the current majority, because they knew historically that such governments had never lasted long. They are too susceptible to demagoguery. As Samuel Adams said: "There never was a democracy that did not commit suicide." So they decided on a republic instead, that is, a constitutional representative democracy, so as to make effective the majority will of the people in governing themselves and at the same time not destroy the individual rights that the Creator had conferred upon each person.

A Government of Laws

To resolve the paradox that thus confronted them, they set up a government of laws—not a government of men. As the first step, they adopted a written Constitution with its Bill of Rights, as a permanent bulwark to safeguard individual and minority rights from hasty and ill-considered attacks by temporary majorities. Hense, they purposely made the process of amending the Constitution long and difficult. That is the reason sociological jurisprudence—stretching the Constitution to meet current demands for legislation—instead of honest forthright amendment of that document after full discussion, is so very dangerous to our freedom. As Thomas Jefferson said: "Our peculiar security is the possession of a written constitution. Let us not make it a blank paper by construction."

In the second place, our forefathers incorporated in their system of government the principle of representative rather than direct action, with different terms of office and different modes of electing senators and representatives, to cushion the action of any current majority, and to enable government to function over a large geographical area.

Third, they provided a system of checks and balances by painstaking separation and coordination of the powers of the legislative, executive and judicial branches. For example, the Constitution of Massachusetts, which was adopted in 1780, spells out explicitly the fact that in the government of that Commonwealth no one of the three departments may ever exercise any of the powers of either of the others "to the end that it (the government of Massachusetts) may be a government of laws and not of men." As the Federalist Papers pointed out: "The accumulation of all powers—legislative, executive and judicial—in the same hand . . . may justly be pronounced the very definition of tyranny." Hence the present blurring of the lines of responsibility between the three departments of the Federal Government is perhaps the most sinister of all threats to our freedom in the critical years ahead. The tyranny of administrative law—the bureaucratic despotism from which we suffer today—would be mitigated if the lines of demarcation between the legislative, executive and judicial functions had been kept sharp and clear.

As a fourth step, the founders of our Republic divided the responsibilities of government among the Federal Union and the States, counties and towns. They did that, so that each particular segment of government would not get too big for an intelligent citizen to understand its functions and for his elected representatives to legislate intelligently. Today the Federal Government has arrogated to itself so many State and local powers, and has become so extremely huge and complicated that the average Congressman will tell you frankly that it is impossible for him even to read all of the legislation that is proposed or desired by the various Federal departments. In other words, the size of the central government puts such a tremendous load on Congress that our representatives are unable to function effectively to protect the rights of the people who elected them.

Centralization of Power

It is exactly as though a business corporation permitted itself to expand to a point where the directors and officers chosen by the stockholders, found themselves unable to cope with the enormous number of problems that were put up to them for decision. Centralization of power in Washington, moreover, undermines state and local government, and thus destroys the opportunity that local self-government affords for practical experience in citizenship. Unless a person first acquires some training in handling public problems in state, county, city or town, he certainly is not likely to become qualified to deal with the large questions of national scope on which his freedom ultimately depends.

Drawing from the experience of our British ancestors, the fifth step was to keep the control of the public purse in the hands of the House of Representatives—the arm of government closest to the people. Every effort at

popular self-government that I have read about in history has eventually been destroyed by some demagogue who got his hands on the people's own money. In recent years Congress has delegated more and more latitude in respect to public expenditures to the Executive Department. Hence another grave threat to our freedom has arisen from what might well be termed, the privy power of the public purse.

Another basic essential of a republican type of government is that there should be no fixed classes in the social structure; that every man should have the opportunity to advance and improve his economic, intellectual and social status just as far as his innate ability, industry and character will permit him to go. So the sixth step was to discourage the development of class feeling by inserting Article I, Section 9 in the Constitution which specifically prohibits the granting of any title of nobility by the Federal Government. Thus it was hoped that such divisions of political opinion as we had, would be essentially vertical rather than horizontal in character, for our forefathers knew that no form of popular self-government could long endure in the face of acute class cleavage. Hence the appearance of sharp class stratifications in recent years—such as youth groups, farm groups, labor groups, veterans' groups—is naturally a matter of deep concern to every true lover of American liberty—particularly since such class consciousness is frequently being incited for partisan political purposes.

Individual Initiative Reserved

Last but not least, the men who set up the American Republic reserved the largest possible field for local and individual initiative by strictly limiting the powers of the central government. In respect to business, only interstate and foreign commerce were made subject to its regulation. The Tenth Amendment to the Federal Constitution provides specifically that "the powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the States respectively or to the people." As the late Justice Brandeis said: "The makers of the Constitution . . . conferred, as against the government, the right to be let alone, the most comprehensive of rights and the right most valued by civilized men." I leave it to you to say to what extent that halcyon situation still exists!

There, in a nutshell, is the mechanism by which our forefathers sought to harmonize the will of the majority with the personal rights of the individual. Jobs, opportunity and freedom for us and succeeding generations depend on how well we safeguard that mechanism—a mechanism based on meticulous analysis of all previous attempts at self-government in the world's history; a mechanism so ingenious, so carefully organized, so accurately compensated against human vagaries and lust for power, that it led the great English Prime Minister, Gladstone, to say that the Constitution was "the greatest instrument of government ever struck off at a given time by the hand and brain of man."

Examine Government Proposal

If we are willing to pay the price of freedom, we will take the advice of the Virginia Bill of Rights seriously and by frequent recurrence to these seven fundamental principles examine every new proposal of government to see whether it fits soundly into the fabric of our system. Precise definition of the terms we use in our political discussions, clear thinking based on sound understanding, willingness to take a large measure of responsibilty for our own physical welfare, self-restraint, courage, along with justice, temperance, moderation, frugality and virtue—these are the coin in which the price of freedom must be paid, yesterday, today and forever. As Somerset Maugham, the author, said recently, "If a nation values anything more than freedom, it will lose its freedom; and the irony of it is that if it is comfort or money that it values more, it will lose that too."

Paradoxically enough, the release of initiative and enterprise made possible by popular self-government ultimately generates disintegrating forces from within. Again and again, after freedom has brought opportunity and some degree of plenty, the competent become selfish, luxury-loving and complacent; the incompetent and the unfortunate grow envious and covetous; and all three groups turn aside from the hard road of freedom to worship the Golden Calf of economic security. The historical cycle seems to be: from bondage to spiritual faith; from spiritual faith to courage; from courage to liberty; from liberty to abundance; from abundance to selfishness; from selfishness to complacency; from complacency to apathy; from apathy to dependency; and from dependency back to bondage once more.

At the stage between apathy and dependency, men always turn in fear to economic and political panaceas. New conditions, it is claimed, require new remedies. Usually so-called new remedies are not new at all. Planned economy, for example, was tried by the Chinese some three millenniums ago, and by the Romans in the early centuries of the Christian era. It was applied in Germany, Italy and Russia long before the recent war broke out. Yet it is being vigorously advocated by some misguided people today as a solution of our economic problems in the United States. Let us ask ourselves a few questions:

Under compulsory national economic planning in Germany before the war, was there freedom of the press? Any newspaper man will tell you there was not. Was there freedom of suffrage in Italy? Ask any hardy soul who underwent the castor oil treatment at the hands of fanatical fascists. Did the farmer preserve his freedom in Russia? Ask the Kulaks. What happens to labor unions under planned economy? Ask the former labor leaders of any Axis nation. They simply evaporate. Is academic freedom permitted? Ask the intellectuals in exile in the United States. How about freedom of worship? Ask the clergy of Germany and Russia. Well, then, can we not apply compulsory planning to a part of our economy and leave the rest to private business? Stalin says no, and so does Douglas Miller in his famous book about Hitler. In December, 1945, at a mass meeting in New York, Professor Harold Laski, Chairman of Britain's Labor Party, said: "We have come to the boundaries of the final dividing line between liberalism and socialism. . . . There is no middle way." That is the record. "Power over a man's support is power over his will," the Federalist Papers safely observed. Yet I venture to predict that if we ever do lose our freedom in America it will be because of public ignorance of the perils involved in outright government planning and control of our economic life. All of which again demonstrates that the price of freedom is a deep understanding of the basic principles of self-government and recognition of the fact that "eternal vigilance is the price of liberty."

Voluntary Planning Wanted

Of course, we want all of the voluntary planning for the future that we can possibly have on the part of labor, management, agriculture and government. It is the duty of government, moreover, to do forward planning in respect to fiscal policy, taxation, public health, the national defense, etc. Compulsory planning and control of the nation's economic life, however, is in a totally different category. As Peter Drucker said in a recent book: "The panacea which is being advertised today under the misleading name of 'Planning' is not a preparation for future events and contingencies. It is the abolition of all limitations on governmental power."

The long history of man's struggle for freedom indicates that a part of the price he must pay for it is the willingness to assume a large measure of responsibility for his own physical well-being. Whenever men have endeavored to transfer their economic responsibilities to the shoulders of other fallible men calling themselves government, they have eventually reared a Frankenstein monster that has turned and devoured their political, intellectual and spiritual liberty. Plutarch's sage observation that "the real destroyer of the liberty of any people is he who spreads among them bounties, donations and lar-

gesses," still holds good, along with Plato's prediction about 350 B.C. that "democracy contains no long-range force which will check the constant tendency to put more and more on the public payroll."

Origin of Freedom

Significantly enough, freedom for the common man has seldom, if ever, resulted from the efforts of either the aristocrat or the wage earner. The entrenched privileges of aristocracy and the leveling-down demands for equality under the rule of the proletariat, have proven to be equally destructive of personal liberty. Hence such freedom as the ordinary man has enjoyed for brief periods since the dawn of history, has always emerged as a corollary of the development of a middle class composed of business and professional men and farmers. A recent lecturer at Princeton University affirms that "political democracy came to the United States as a result of economic democracy." History shows that business men were principally responsible for such freedom as Athens enjoyed before the age of Pericles; as Rome had before the time of Marius and Sulla; as the Republic of Florence had under the early Medici, The merchant class, moreover, created the free cities of the Hanseatic League. And certainly in modern times, freedom for the common man has been the outstanding characteristic of the business civilization of the Netherlands, Switzerland, France, Great Britain and the United States. The reason for all this is obvious. A complex and expanding commercial and industrial society requires political stability of a high order to ensure the sanctity of contracts, the protection of property and the right to labor at a vocation of one's own choice; and such stability can be secured only by having the foundations of government laid sound and deep in the hearts and minds of the people where it is presumably safe from the arbitrary whims of tyranny and dictatorship.

Hence as a part of the price of freedom, business men must faithfully recognize their historic mission as preservers of the precious values of human liberty. To that end they should be shining examples of civic virtue, using that word virtue in the exact sense in which it is employed in my text today. They must eliminate unethical practices in their own enterprises so that business can always come into the court of public opinion with clean hands; they must be keenly conscious of the social significance of their day by day decisions; they must be good stewards of the responsibilities with which individual freedom has entrusted them; they must constantly endeavor to create better conditions of employment by the elimination of health and accident hazards; they must steadily seek ways and means of regularizing employment and cushioning the effect of advancing technology on the lives and fortunes of their workers; they must raise the standard of living by passing along the benefits of improved technique and quantity production through lower prices and higher wages; they must take an active part in public affairs; they must seek to be industrial statesmen rather than mere business men.

Henry Bergson, the French philosopher, made this significant statement away back in 1914: "Science . . . equipped man in less than fifty years with more tools than he had made during the thousands of years he had lived upon earth. Each new machine being for man a new organ, an artificial organ, his body became suddenly and prodigiously increased in size, without his soul being at the same time able to dilate to the dimensions of his new body." That was thirty-three years ago, and we still have the same problem confronting us—made still more acute by the discovery of atomic fission. It cannot be solved by the spawning of more laws and regulations—if we are to keep our freedom. Its only solution lies in the development of adequate moral competency—a task in which there can be no evasion of individual responsibility on the part of any citizen who truly loves his country. In his last published article, "The Road Away from Revolution," written practically on his deathbed, Woodrow Wilson said: "The sum of the whole matter is this, that our civilization cannot survive materially unless it be redeemed spiritually."

State Socialism Formula

For many years those who would bring about state socialism by peaceful means have advocated this formula: Select a time of great political and social unrest; then discredit in every possible way those in power during the preceding era of prosperity; blame the ensuing depression on those leaders; then under guise of emergency, enact legislation that prevents confidence from returning. Finally, having destroyed the only basis on which private competitive business can flourish, say to the unthinking public: "We are extremely sorry to do it, but inasmuch as private individuals will not create prosperity, the State, greatly to its regret, must step in and do so through outright control of agriculture, industry, banking and commerce."

Road to State Socialism

Now just go over the history of events of the past sixteen years and see how closely that pattern has been followed. I am not for one minute asserting that those in charge of the public administration of affairs in this country are Socialists or Communists or Fascists or anything of the sort. But I do believe very firmly that the pattern of events that has been followed, if continued much longer and further, will lead inexorably to state socialism.

We must not delude ourselves by what happened on November 5, 1946. The majority vote on that day was largely a vote of protest against labor strife and bureaucratic rules and regulations. Certainly the American people have not suddenly seen a great light and turned back with new conviction to the basic principles on which the Republic was founded and on which its perpetuation depends. All that has been won is a temporary rear-guard action in the long-range fight against the rising tide of collectivism. We shall be fools indeed if we do not use the time thus gained in driving home to the American public the fact that "No free government or the blessing of liberty can be preserved to any people but by a firm adherence to justice, moderation, temperance, frugality and virtue and by a frequent recurrence to fundamental principles."

Rising Tide of Collectivism

Just listen to these quotations:

Harry Bridges, President, Longshoremen's and Warehousemen's Union:

If all CIO members could understand what united political action means, there might not be any more employers or private industry in the United States.

Victor Reuther of the United Automobile Workers:

A new American progressive party must propose a pattern of social ownership which will serve to break the controls of monopoly capitalism, advocating the substitution of democratic social ownership for private monopoly ownership.

Mrs. Evelyn Burns, National Resources Planning Board on Post-War America:

Society will have to devise methods that would refuse individuals the right to make what use they wish of their own labor and property.

A. A. Berle, former Assistant Secretary of State:

The government will gradually come to own most of the production plants in the United States.

Rexford Tugwell, Ex-Governor of Puerto Rico:

Business will logically be required to disappear.

Now the question arises, what are we, as patriotic American citizens, going to do about this whole problem? Do we still believe in representative democracy? Do we want to preserve it? Are we willing to trade our lib-

erty for security, our spiritual freedom for bread?

"What can I do?" you ask. Here is my answer:

1. Study and understand the political philosophy underlying the American system of representative democracy, private competitive business and civil and religious liberty. Discuss this philosophy with your fellow citizens.

2. Test every proposed governmental policy against this political philosophy — thinking independently and not blindly following herd opinion.

3. Take an active part in politics by helping to form policies and assisting to select and elect the right men to office.

4. Vote yourself and see that others do so.

5. Seek ways of rendering public service your self by serving on committees, governmental commissions and, if possible, by holding public office.

6. Advise and counsel regarding pending public questions with your elected representatives in city, county, state and nation.

7. Support actively those civic and industrial organizations that are fighting for the American system.

8. Interest yourself in education, public and private, in three ways: (a) Insist that the curriculum stress mental discipline. (b) Insist on the study of classical history where one sees time after time the recurrence of mass movements similar to those which we are now witnessing in this country. (c) Insist on the study of political philosophy so that the rising generation may understand what the roots of liberty in America are and thereby acquire a sense of pride in our institutions.

9. Interest yourself in the church, since our Anglo-Saxon political philosophy is founded on the religious concept of the sacredness of the individual in the eyes of a Sovereign God—a principle which is common to all three of our great religious faiths — Protestantism, Catholicism and Judaism.

10. Practice what you preach by demonstrating, through ethical conduct of your personal affairs, your own faith in constitutional representative democracy, private competitive business and civil and religious liberty.

Those who doubt their capacity to do such things may find rare encouragement in a passage from "The History of the American Revolution," written by Dr. David Ramsay, a South Carolina physician and Revolutionary patriot, in 1789:

"Men whose minds were warmed with the love of liberty, and whose abilities were improved by daily exercise and sharpened with a laudable ambition to serve their distressed country, spoke, wrote, and acted with an energy far surpassing all expectations which could be reasonably founded on their previous acquirements."

Pericles observed 2400 years ago that "The secret of liberty is courage"; not food, not comfort, not money, but just plain old-fashioned fortitude of body, mind, and soul. In thinking about the Four Freedoms that we hear so much of these days, I have often wondered what the reaction of the Pilgrim Fathers would have been the day they landed on the rocky, barren coast at Plymouth if Governor Carver had said: Those of you who seek primarily freedom from want, come ashore. Not a man would have stirred. Again suppose he had said: Those of you who seek primarily freedom from fear in this wilderness full of savages, come ashore. Not a man would have left the ship. But, thank God, impending privation and fear did not daunt those sturdy pioneers. They had known at first-hand what political, intellectual and spiritual tyranny meant and they were willing to pay the price for the blessings of such liberty in the new world, no matter what physical suffering was involved. They landed in mid-winter. Before many months had passed, half of their number had died. Yet when the Mayflower sailed home in April, as an old historian says: "Not one of the colonists went in her. So sweet was the taste of freedom even under the shadow of death." May it not be written of us in the fateful years ahead, that we lacked that courage of body, mind and soul, which, when all is said, is the real price of freedom.

PREDICTIONS—A WORD TO THE WISE

By Graham C. Patterson, Publisher, *Farm Journal and Pathfinder*

It was my idea that they were asking me to appear here today solely because I was the publisher of *The Farm Journal* which is the world's largest farm publication. As a matter of fact my experience with the *Christian Herald* was very much more important because at that time we dealt exclusively with futures and therefore whatever I do in the way of predictions—little postwar predictions—is just what comes naturally.

Then to make it sure that in order that I could make this talk with authority, I brought this *Pathfinder* so that you would keep on the straight and narrow path in looking into the future; and if there is anybody that still questions where I stand as the one man to talk to you, I'd like to state that when I was leaving the *Christian Herald* and coming down to become the publisher of the *Farm Journal*, one of my executives said, "Graham, we are sorry you are going, but I will say this. If you become as good a farmer as you have been a Christian, God help the farmer."

That appeared in *Time* magazine, to my consternation, so they had to have some letters to state that while I didn't wear my collar backwards I was a perfectly good, moral, Christian gentleman.

Now there is just one other point to clinch this whole thing, and that is when our Secretary of Commerce quotes any statistics of any kind—I am speaking about the past one, our friend Mr. Henry Wallace—I have always taken the opposite view and so far, I have been on the right side.

I have brought very few notes with me for there is one thing about not having a prepared talk to read from—that is, if I get off the track you probably won't know it because you won't know what the track is anyway.

But I would like to say that in discussing any thing about the food business we find one fact that differentiates it from every other business as far as I know. In the steel business for instance, you have a relatively small number of large producers and then the steel is taken and converted and processed and used in a thousand different ways.

In the food business, your producers run into the millions and therefrom change the whole picture in many, many ways. The average farmer, as you know—I'm not trying to tell you what you don't know—has to be a capitalist . . . I wonder if you realize the amount of capital it takes, today, in the average farm for successful farm operation.

I understand it takes about $75,000 to bring a good ten acre citrus grove into bearing. It takes from $50,000 to $85,000 to get a good average 100 to 120 acre farm in good condition and keep it there. And on top of that you have a man's labors and all the other problems that you have.

Now the average farmer has a thousand decisions to make. He has to be a scientist—he has to be a biologist—he has to know a lot about the weather. He's got to outguess a million other farmers as to what to grow or else he might find his crop in surplus and that is not so good and they often find themselves that way.

So to get down to it, I have always felt that the farmer, the grower, the producer is the top man in this business. I hate to say this to you gentlemen but you are just a subsidiary as

far as we are concerned. However, you are organized and in spite of a good deal of opinion to the contrary, the farmer is really not organized as far as his production goes or his marketing. He is more or less at the mercy of the buyer in view of the fact that his crops go to the market in a relatively few weeks all over the country and too often he finds that they have all they want and offer him a low price. That is bad, of course.

Relation of All Factors

I might add that any industry is just as strong as its weakest link and no stronger. And if you people have trouble, it is hard on the farmer. If your distributors are having trouble, it is hard on both of you and vice versa. So it would certainly pay, in my estimation to have all the canners, and all the processors know as much as they can about the farmer's troubles and his opportunities, too, but on the other side of the fence, I have always thought the farmer should know a lot more about the service that you render him, and what your troubles are and I know they can be just as bad as his.

Now, I don't want you to get crying for the farmer at all—he's done pretty well in the last four years. We've had a remarkable situation and it was very fortunate as far as the food supply for the world goes. I don't think there has ever been four years in the country that Providence was so good to us.

Now, just take the Dakotas, for instance. The two of them together. They have run over the years from $50,000,000 to $500,000,000 a year in their cash crops. For four straight years now, due somewhat, of course, to good prices, and also to bumper crops, they have had over $500,000,000 straight.

Almost the same was true in the citrus industry, and I know I was in Florida last winter and I was introduced to a man whose income tax was over $350,000 the year before. Now that is a lot of money and yet they tell me that there were quite a few people in the citrus industry that "cleaned up" as it were.

Heavy Citrus Bearing

Now what does that do to a crop? It doesn't do anything to the crop you have but it means a lot of people think they would like to go into the citrus growing business. The result is that you will have coming into bearing, for the next five to eight years an awful lot of citrus. That means that they've got to do something about it—they've got to study a situation—they will have to advertise and they do for juices and packs and all sorts of things and unless they do they're going to have a considerably lower price in fruits and in everything else.

You've always had some straws in the wind that have served many people along that line.

The fact remains that the law of supply and demand is probably more quickly affected in the food business than in any other business in this country. And I want to be sure that in looking into the future we recognize that and realize that these superduper prices—we all like them, we like to receive them—but these very, very high prices are over. There is no question about it.

Our problem—the problem of the farmers and the producers, your problem and all other processors, is to study the situation—have an orderly retreat—as it were—and settle down to what is profitable—if you can.

Average Farm Price

I want to say one thing about that as far as the farmer goes. It looks to a lot of people, at present, the average farm price is about 130 points over what they used to call "normal." I don't happen to think you are going back to normal or anywhere near normal, but there is no question about one thing—you are going back a lot on prices, and I think almost anybody who would be over-enthusiastic on price rises in the food industry should have their head examined . . . because history does teach us something—about two years after World War I, we had quite a dip; and for a few months before that it went a little bit downward so that is something to take into consideration when you are thinking and planning on your pack.

Now I recognize that what I am telling you is the consensus of opinion or what some people would call statistics.

I am reminded of that old story. I hope that some of you haven't heard it . . . about this novice who goes to a race track. He sits beside the man who has all the dope sheets. He knows nothing about it, but he goes down and he puts his bet on a horse that sounds good to him and when he came up after the first race, he found that he had won and the other fellow had torn up his ticket. This kept on for five or six races. And finally, the fellow that had all the dope sheets shook his head and said, "I give up! How in the dickens do you do it?" "Oh," he said, "it's simple. When I go down and cash my first bet or my first ticket, I then go out to the paddock and look at the horses as they are coming through and I see one that looks good. I notice his number. We will say it is Number 4. Well, then I take the next one higher up and add them together. Then I go and put my vote on Number 2." "Oh," he said, "what are you talking about? You don't vote. Anyway, four and five are nine." "Oh," he said, "there you go with your damned statistics."

Information for Farmers

Now, there is one thing about the farmer and his unorganized state. He really gets entirely too little information of a market character. He ought to have a lot more. We tried to do something about it in the *Farm Journal* . . . because of this speed your chairman told you about . . . it is just four days when our readers are reading what the writers could write and we have about two hundred skilled observers all over the country who wire in at the last minute to tell us something about the crop conditions . . . and we are able to give some things there, although you can't cover the world with a fence around it.

Well, I was telling this story up at a Farmers' Night at a Rotary Club and I laid it on about how many were there and how much it cost and all about it. Also told them of the amount of paper in a single issue of the *Farm Journal* would make a walk from New York to San Francisco over seven feet wide. And, of course, that was very interesting to them. It didn't mean anything, but it was interesting . . . in acreage and laying it out.

Well, finally, they asked Ex-Justice Owen D. Roberts to get up when I said it, and he got up and he said, "I've known this little 'gink' for a long while. I always thought he was O.K., but after he tells me about this big wasteful page and the amount of money that it costs, I've lost all confidence in him." "Why," he said, "I've got a couple of Amish neighbors up here and all I have to do is to go over and look over the fence and see what they are planting. Then I go back and plant the same thing . . . and I've never made a mistake yet and it doesn't cost a nickel."

The Hazards of Farmers

Well, speaking of the hazards that farmers have. As you know they have got pests . . . they have got plant diseases . . . they have got old man weather to guess . . . and they have got this tremendous competition . . . some millions of other farmers. It is the original competitive American system, in my estimation, of rugged individuals who, frankly, would prefer to have the law of supply and demand applied to them. There is one advantage and it is fairly quick in the farm world if prices go down.

Most people do not realize what a tremendous percentage of the things that farmers grow that they use themselves in feeding and in other ways. The result is that their costs are rather quickly reflected in how much they can afford to charge and still make some profit.

Now the average income, when I took the *Farm Journal*, of the average farmer was about $1,400 a year net on his cash farm income. I would like

to say one thing that most people don't realize. It doesn't apply to your business, but there are other things that have to do with land that very often can change the whole situation overnight.

I heard the other day, for instance, that on oil producing properties which are mostly owned by farmers the royalties that are paid to the people who own the land are more every year than all the dividends of all the oil companies put together every year. Now that is a very interesting thing. They get one-eighth of everything that comes out of the ground. It cannot be taken away from them. I don't believe they are allowed to sell it even. It is protected by the United States Government, and they have to get that first and sign for it. Of course, after they get it they can do what they want with it.

And now, let's come to one point and that is that I think the farmers are perfectly willing when prices are going up to get what might be called just a share, and they have gotten it as you see. I think they are perfectly amenable to somebody making a lot of money in the food business even if it is a case of judgment in holding it a few months so as to get the rise in prices. But I think on the way down there is a tendency, on account of the buying situation to offer farmers almost a ruinous price that can spoil their whole year's efforts. I think this could be dangerous. You've see some evidences in the co-operatives and in other ways in which they would like to cut corners and do their own processing. They shouldn't any more than I should go into the printing business or the paper business. The publisher should stay in his own field, and farmers, who can grow best, should stay in theirs because I don't think they know much about selling.

But it is a responsibility on the part of the canners and processors and other people who are in this whole industry to see to it, as near as they possibly can, that the farmers get the cost of production and a proper profit. It is hard when prices are going down but it is something that I think we ought to think about, just as I say we should have a two-way public relations.

Some Easy Predictions

Now I come to these easy predictions and stick my neck out.

First—DEMAND, because what is in demand is most important for production and for you. There is no question about it that you are going to have a good demand for goods—for your goods and for farm goods.

It isn't going to be quite as large as 1946, which was tops—you want to remember that—but remember that there are four times as much cash money in people's pockets—or banks, as it were, as there was after the last World War.

Food and Prices

Now that is an important thing to remember. We have to realize that prices must come down, but when you have a public that has money, they are going to eat and they are going to eat well. Therefore, you should not get panicky—you should not refrain from making a good pack, but certainly do not get over-optimistic and everybody pack too much.

In other words, there is going to be a good demand for food but there will also be a demand for food at a fair price and not at a profiteering price in any way, shape or form.

Now then, it is a question of supply. You are going to have a big supply of food. I can tell you that the experience of the last four years means that from equipment and from their plans and from their own profits and their neighbor's profits, farmers are going to produce plenty for us.

Now, that of course, if it isn't handled correctly—if everybody doesn't get together—could mean a bad dumping. There are some crops that were in surplus as you know in 1946.

They will again be in surplus in 1947. And that we have to have in our minds. But, I think, if we go along carefully and study the situation, there is nothing to be frightened about as long as we all try to keep the supply situation so that we maintain quality.

Number two is—QUALITY. If there is ever a year when you can insist on good quality—I don't mean that every can has to be A-1 quality because there isn't such a thing all across the board but in relation to your price range and your quality standards you can insist on the tops in each line.

Now that is going to be all right if that is done, because there is always a market for a well-known, extra good standard of merchandise in this country. . . it should be stuff that you can stand behind . . . make stuff that you can stand behind, and that has been growing steadily year after year. Most people like to buy something that they know what it is and can buy again . . . it is the buying again that will make a canner proud of his pack and pretty sure that he can sell it. If it is poor stuff, I think he is going to have trouble, but I don't know what you can do about it.

Now, on the question of prices, and, of course, that is the thing that you are all interested in. Most of you know, I guess all of you know, that in 1946, and particularly in the last half of it—after OPA went out and the law of supply and demand was awfully busy and there was a shortage in a good many directions — practically every price went up, at least, temporarily. There were few exceptions to that.

I would say that you will have in 1947 a price that will be very satisfactory the first six months. There will probably be a recession after the middle of the year and there is a possibility, maybe a probability, that in the winter of 1947 and 1948 you might get quite a break in food prices. Now, just as the farmer has to look way ahead, I know that you people have to look ahead as to your price and your pack and probably don't sell most of it for months and months. Therefore, you are taking a risk there that should have in mind lowering prices.

I heard of an experience just today on the way down here. They were talking about the Ford prices and the fact that they were coming down. This fellow said that he had his order in for a Ford and he and his wife were talking about it at the breakfast table. She said,"You know what, I have an idea prices are coming down and I think we had better hold off for a few months. Maybe we can get it lower."

It is a peculiar psychology—while things are going up everybody jumps to get it and when they are coming down instead of it increasing the volume of the demand, sometimes it has just the opposite effect.

Avoidance of Dumping

I think it is extremely important for every element of the food business to study this situation to see that there isn't a possible bad dumping. Of course, dumping is very apt to come because of banking conditions—because of pressure. Therefore, the fourth thing to remember is to be in as liquid shape as you possibly can, financially, because there will be pressure as prices come down—maybe we had better get off this loan because they might go a lot lower. You'll find pressure from banks and you cannot blame them. Those concerns that are in a shaky position may have to dump some stuff on the market and that, of course, affects everything else.

Now, I think the keynote of this whole thing is caution without any question, but I do want to say this. If I were in the canning business, I would feel that within reason anything that I could do or get other people to do that would lower the cost of living today—that would make food products more reasonable—that is, the basic products—I would do it as people have to have them.

And with courage and determination and patriotism I would see that the food industry does its share to help the strike situation—to cause inflation to stay away as much as possible, and to help in the reconversion of your country.

THE TINPLATE SITUATION

By David F. Austin, Vice President, U. S. Steel Corporation

In the history of our country there are two dates which have been indelibly etched on the minds of every American.

Early in the morning on a railway car in a French forest, on the eleventh day of November, 1918, Marshal Foch accepted the delegates' signatures to a document which resulted in an armistice between the Imperial German Army and the armed forces of the Allied nations.

Twenty-six years, nine months, three weeks, one day, and four hours later, in the morning of the second day of September, 1945, on the quarter-deck of the battleship *Missouri*, anchored in Tokyo Bay, General MacArthur accepted on behalf of the Allied forces the delegates' signatures to a document which formalized the surrender of the Imperial Japanese forces to the Allied nations.

Thus the two great world conflicts which were fought in our time came to a close with the Allied forces victorious on both occasions.

The political, economic, and social upheaval wrought by the length and devastation of World War II is incomparably more serious and complex than the situation which confronted us after Armistice Day, 1918.

Let us examine the significant factors of this economic upheaval as they relate to the supply of and demand for steel products, nationally and internationally, focusing our attention on your own immediate problems.

While the domestic steel industry's ingot capacity during the war years was increased by 10 million tons, and while a peak demand for flat rolled products was foreseen, a shortage of materials and skilled labor, combined with Governmental restrictions, precluded advancing necessary finishing facilities beyond the planning stage, until the end of the war.

In spite of the claims from other such essential industries as transportation, automotive, farm implement, housing, and household appliances; and in spite of governmental restrictions, the steel industry production of tin mill products during 1946—had it not been for the production lost as a result of the steel strike—would have approximated the best previous all-time record.

When Government restrictions on construction were lifted, ground was broken for a number of projects which, when completed will add approximately one million tons, to the present capacity for tin mill products. Shortages of skilled labor, combined with stoppages in the production of electrical and other equipment, delayed the program to such an extent that the major portion of these facilities, which the producers expected to have in operation during the latter part of 1946, is now scheduled for completion during 1948.

Unfortunately, considering the seasonal aspect of the demand, none of the increased production will be available during the first six months of 1947.

Full use of existing production facilities and such additional capacity as may come in during the latter part of the year, supports a forecast for 1947 that the production of tin mill products will reach 4,400,000 tons.

Demand from the can manufacturers is in excess of the forecast production for the first six months of 1947, necessitating the use of an allocation system in order to insure equitable distribution of cans.

When Nature, with her bountiful hand, bestowed on the North American Continent the many natural resources which we enjoy, she neglected to include a supply of tin ore, in appreciable quantities. The world's supply of tin, historically, has been provided largely by the Malay States, the Dutch East Indies, and Bolivia.

With the fall of Singapore, on February 15, 1942, the tin supply line was cut, and it became imperative that we augment our stock pile and bend every effort toward conservation. Augmentation was achieved by the expansion of our de-tinning facilities, by the construction of a smelter in Texas to refine Bolivian concentrates, and by the importation of pig tin from the Belgian Congo and other countries not under Axis domination.

The conservation program took the form of limiting the use of tin to essential war uses and restricting the thickness of coating on tin plate for certain uses. Thinner coatings were achieved through the use of the electrolytic process. The quantity coated by this process alone, rose from one million base boxes in 1940, to 20 million base boxes in 1946.

Mining operations have now been resumed in the Dutch East Indies and the Malay States, and while social and economic unrest continues to threaten production in Bolivia, sufficient pig tin and concentrates are, currently, being imported to supplement our existing stock pile.

I predict that the Steel Industry will have sufficient pig tin to coat the available black plate within the continued limitations on thickness of coating currently imposed by the Government.

Production of steel ingots in the United States during 1946 was 25 percent greater than 1939, while foreign production, exclusive of the United States, for the same period was 38 percent less.

Putting this another way, production of steel ingots in the United States rose from 53 million tons in 1939 to 66 million tons in 1946, while foreign production, exclusive of the United States, fell from 95 million tons to 59 million tons.

The net effect of these changes in production on a world-wide basis has reduced the available steel from 148 million tons in 1939, to 125 million tons in 1946.

In the light of this net decrease in availability, it is wholly understandable, with the need for steel to rebuild devastated areas of Europe and Asia, that foreign governments have become claimants for an ever-increasing share of American steel production. These claims are channeled through our Government, which has retained, up to this moment, the authority to weigh their validity in the light of American needs and issue directives controlling export allocation.

About 402,000 tons of tin mill products, not including the 125,000 tons earmarked for Canada, were allocated to foreign countries by Government directive during 1946.

This total tonnage, 527,000 represents 14 percent of our estimated total shipments and constitutes a genuine hardship in the light of our domestic demand.

World Production Down

Considering tin mill products alone, world production has dropped, due largely to the inability of such countries as England, France, Germany, India, and Japan to bring their postwar production to prewar levels.

It is to be hoped that restoration of black plate and tinning facilities, in at least some of these countries, will be expedited to the end that at an early date, those countries will be ready to assume, as a minimum, the burden of their own requirements, thus relieving the United States of its obligation to continue to export these tin mill products, vitally needed at home and abroad.

The predictions I have made are based on information, the sources of which I consider reliable. They presume a year of full production, free of work stoppages and slow-downs, and are based on prewar standards of labor efficiency.

A variation of a single component will, obviously, destroy the value of these predictions.

Full production alone will furnish the answer to many of our complex problems. Full production is the most effective weapon we have, if we are to successfully combat inflation and preserve free, private, competitive enterprise.

To achieve this goal will require enlightened, courageous leadership in the ranks of labor, in industry, and in Government.

It is you, and men like you, who face the solemn obligation of finding the right road and leading the people along that road.

There is today a desperate urgency about what we are doing.

This is a sobering thought. It is also an inspiring challenge.

Perhaps never again in the field of American economy will so much be owed by so many to so few.

Business Outlook Panel

A CANNER PRESENTS THE PROBLEM

By H. F. Krimendahl, Vice President, Stokely-Van Camp Inc.

When confronted with a talk entitled "A Canner Presents the Problem," it would be only natural for each of you to ask what the problem is. As I view it, in looking forward to 1947 there are probably many problems. Taken together they are what each individual canner must decide about his own business in making the plans for that business for the coming year.

In an industry as competitive as ours, it would be folly for anyone to attempt to plan without using all available statistical information. And the first two items of information he should look at are the size of the pack in the previous year, and the movement of it into consumption up to the time he sits down to plan.

In the time I have available I cannot deal with each vegetable. But when we sit down to make our plans it would be well to look not only at each vegetable but probably at each grade and can size of each product we pack.

Taking vegetables as a whole, however, estimated production during 1946 was 202,000,000 cases. This was the largest production in history and may be compared with a production of 136,000,000 cases in 1937, 174,000,000 cases in 1941 and 184,000,000 cases in 1945. In other words, the 1946 pack was 49% higher than the 1937 pack. It was 16% higher than the record pack of 1941. And it was 10% higher than the 1945 vegetable pack.

On the other hand, the June 1, 1946, carry-over of all vegetables was 41% smaller than the June 1, 1937, carry-over. Another fact to be noted is that the June 1, 1945, carry-over was 56% smaller than the corresponding carry-over of June 1, 1937. In other words, stocks in the distributive channels were exceedingly low at the beginning of the 1945 pack year and were still off by about 40% at the beginning of the 1946 pack year. This leads both to a question and a conclusion which may be asked and drawn by every canner. The question is to what extent the record supply for 1946 will have moved into consumption by the beginning of the 1947 pack year. The conclusion is that the per capita of consumption of canned vegetables had vastly increased in 1946.

It is possible, and I shall certainly be interested in hearing what Mr. Whitmarsh has to say about it, that the bulk of the 1946 production will have moved into consumption—and out of the distributors' hands and to a very large extent out of the retailers' hands—by the opening of the 1947 pack year.

This is the first problem which in my judgment warrants the attention of every canner.

The next question is what's the market. Necessarily, I cannot discuss the prices of individual commodities. I am satisfied that when price ceilings were removed about two and one-half months ago, it was recognized that the previous ceiling prices did not at the time reflect the increased costs of canning. Necessarily, some of the prices did not reflect the previously existing subsidies. The removal of price controls had much the same effect as if a clamp were removed from a compressed spring. For four years or more prices had been controlled and the forces of supply and demand could not operate. When controls were removed it was only natural that prices would oscillate up and down until they arrived at what might be called a true market. Many people have forgotten this and have become exuberant at very high prices for some products and worried without warrant about some fluctuations.

But the real question is the price at which goods will move, or to put it another way, what a canner may expect to get for his pack of particular vegetables. This is dependent, I think you will all agree, on the maintenance of purchasing power. We know that per capita consumption has increased. If people continue to have money, I am satisfied that they will buy canned foods. But no one of us can predict what will happen to the general economy throughout 1947 and I as a canner would end up on this point with a very considerable degree of caution.

This caution would be very much increased when I came to look at my costs as they now appear. I know that cans will cost me about 17½% more in 1947 than they did in 1946. I know that boxes and labels are both substantially higher for 1947. I think I would be optimistic if I expected any lowering of wages and I would be fairly realistic if I did not at least in some areas anticipate the possibility of higher labor costs.

Many canners would probably stop and also remember that during the war the efficiency of labor decreased, and I would doubt whether on this particular point I could see any improvement for 1947.

In other words, on the production side I would certainly regard myself as foolish if I did not face up to the facts of these increased costs.

As far as raw material is concerned, I think I should have to do a lot of hard thinking. I hope that Woody Meyer will help me today in that job. In talking with my growers I would certainly want to make the point this year that it is an open question whether even with continued prosperity consumers of canned foods will be willing to pay any higher prices. Perhaps even with a high level of purchasing power the competition of radios, clothes, new cars and a host of other consumer goods may make itself felt.

I am sure that growers of canning crops have read about the prediction of the Department of Agriculture of the anticipated 5 to 10% decline in farm prices from the October, 1946, peak and the further prediction that there will be an additional decline for the marketing year beginning July 1, 1947. I do not know, and I doubt whether many growers know, just what the Department's plans are on those commodities which it is supposed to support for two years. But what I do know and what I would hope my growers would come to see, is that this cannot last forever, and that a sound canning industry is in the long run a good investment for growers. On the whole, I think many canners would lean toward the view that for 1947 they should be able to purchase the major vegetables at lower prices from those growers who understood the situation.

Availability of Cans

Perhaps in thinking about dealing with growers I would remember that there was some problem with respect to the availability of cans. Some canners are quite pessimistic, particularly in view of the announced pro-rating of deliveries by can manufacturers. Others are apparently not too much worried and they think that there will under most conditions be a liberal supply of cans. But this is a problem on which I would certainly want to keep my eye and never for a moment forget about it, because it would certainly drastically affect my operations and costs.

In the end, I suppose I would conclude that the fundamental question is how in the world I can offset the increased costs which I know I shall have. In thinking about the problem I suppose I should conclude that there would be three avenues open. The first I have already suggested would be the importance of not buying raw material at prices which in the finished product the consumer would not pay. The second would be to remember what all prewar years should have taught us—that quality merchandise does better under any conditions than run-of-the-mill production.

But last, and most important, many canners will come to see that only by increased efficiency, by sound production methods, and by the most careful planning will they be able to do a good job in 1947. Efficiency is in great measure the key to costs, just as quality often turns out to be the controlling factor in price. Thus in my planning I would concentrate to a very great extent on these factors.

To sum up, we know that our consumers have used and *will* use more canned foods than in the past. I hope that Mr. Whitmarsh will tell me that I am right in believing that present supplies will move into consumption leaving only a normal carry-over. I don't think any canner needs to be told about his increased production costs. He does want to know about raw material costs. He must watch the tinplate situation from day to day. If he is experienced, he will appreciate the importance for stressing quality. And faced by increased costs and the realization that the price of canned foods cannot get out of line, he will have to concentrate on efficient production and intelligent individual planning of the entire year's operations.

REQUIREMENTS AND GOALS

By E. A. Meyer, Director, Research Marketing Act, USDA

The greatest problem facing the canning industry in 1947 is this: Is the industry going to attempt to maintain prices with a small production, or is it going to maintain its present high volume of production at lower prices? This, as I see it, is the point of decision at which the canning industry now finds itself.

You people are familiar with the statistics of your own industry. You know what your production has been. I am sure other members on this panel will give you more figures on production, so I'm going to cite only this one broad figure: The total pack of canned fruits and vegetables just about doubled during the war years from what it was just before the war. Production just before the war was slightly more than 250 million cases. Production in 1946 was nearly 500 million cases. This is a huge expansion—and a rapid expansion. It's a growth that has snowballed to the point where the industry must take stock.

Now you have begun to experience some consumer reluctance. The demand for your products, at the prices which have held this year, has not been as great as you expected. Pipelines have been filling up. Instead of your products going right through the pipelines as they did during wartime, they have begun to stick here and there. This is true of over-all consumer goods. I'm sure that all of us who know the canning industry knew that something like this was going to happen eventually. We didn't know exactly when it would happen. So I don't believe anyone in the industry should be completely surprised or swept off his feet because demand has slackened. While we had nothing to do with it, the war ended at an opportune time for this industry, and it is fortunate for the industry that this country continues to enjoy high income and good spending power at a time when we have these large packs. If you agree with this statement, then we are only experiencing a normal situation, that is, we are experiencing a slackening demand when supply and demand reach a balance, and there is no occasion for hysteria or panic. When ceilings were removed, prices in some areas immediately advanced substantially. That they are returning to previous levels is a normal rather than an abnormal development. And, instead of being cause for panic, recognition of this development should be just a good, sound reason to start doing things to meet the situation. It should call for the exercising of good judgment, and perhaps of a little caution.

There is an object lesson to be derived from the experience of the citrus people. There we have a clear view of what happens when there is prospect of a record pack at the beginning of the season when the pipelines are already filled. And the citrus people may be just about a year ahead of the rest of the canning industry. It is to be hoped sincerely that the canners of seasonal crops, who can more readily control their production, will be able to avoid difficulty paralleling the citrus situation. In the case of citrus, some groves long planted are just coming into full volume of bearing. Others are just coming into their first bearing. This is a situation difficult to remedy immediately. But it is a situation that can be averted in seasonal crops and it must be considered now.

When we speak here of citrus we must be mindful also of one thing: The fresh and the processed markets go together. Each owes the other an obligation. We cannot think of the one independently of the other. We had a splendid example of this type of cooperating and coordinating relationship between processing and fresh marketing in the handling of the Shenandoah Valley apple crop during the 1946 season. And the fundamental truth that the fresh and the processed markets go together is as true of the canning industry as a whole as it is true of citrus or apples individually. You can't have a healthy industry if one segment of the industry is unhealthy.

When the Department issued production guides for vegetable crops for processing for 1947, it recommended a 10 percent reduction in snap beans, beets, sweet corn, and cabbage for kraut; a 15 percent reduction for spinach; a 20 percent reduction for peas; and the same acreages for asparagus, limas, and tomatoes as were planted in 1946. In view of some of the more recent developments in the canning picture, we are presently reviewing these recommendations. Production goals are based on needs and are designed to bring out enough production to level out a commodity in line with the production of other commodities. We should not sacrifice one commodity against another. I'm going to repeat what I said a moment ago: You can't have a healthy industry as long as one segment of that industry continues unhealthy.

Industry Faced With Two Extremes

Your industry is presently confronted with taking either of two extreme roads: The road of high prices and curtailed production, or the road of lowered prices and continuing high production. I don't believe that either of these two roads presents the complete answer. I believe the solution lies somewhere midway of these two roads. Your judgment and your experience in your own work will tell you better than I can just about what point between the two is the one you will wish to achieve. And as you work toward this point, there are factors with which you must reckon. Labor costs have increased and one of these days the national income could possibly decrease. There will be, no matter what the circumstances, a lot of resistance to any suggestion of reducing the level of farm prices. Also, the canner's market is always a future market. He must anticipate what change will take place in the national income, consumer purchasing power, and all the other things that enter the picture, 8 or 9 months ahead of marketing time. This will demand extremely efficient production and operation.

To pay high wages to labor, to pay high prices to growers, to bring quality production to the consumer—all these things call for efficiency. I think you are just the people who can produce the kind of efficiency needed. You proved it during the war. You developed your business by improving it technologically; by introducing labor saving devices and making every hour count. With the least amount of labor ever available to the industry—labor that included everything from youngsters to grandmothers—you still managed to just about double your prewar production. I think you'll be able to gear yourselves to as great a degree of efficiency in peacetime as you did during the war.

Room for Development

There are some obvious things the industry can do in achieving this degree of peacetime efficiency. It can take full advantage of its expanded production plant and develop new products and outlets, especially in the case of fruits, from raw products. There is room for lots of development of byproducts and utilization of byproducts. You are all familiar with the extent to which this has been done in the case of citrus—the pectin, pulp and peel for stock feed, the oils, and the rest of it. In my own experience, I've seen really competitive years when the income from the byproducts has been the factor that changed a loss into a profit. The canning industry in the future may have to spend more money on laboratories and on research. There is, and we all know this, a terrific amount of waste in many phases of the canning industry. Most of us have seen good tomato juice running shoetop deep on cannery floors. That's not an indictment of the tomato canners; it's just an example. We've seen the sirup being jiggled out of cans where fruit was being packed—maybe an ounce or just a half ounce here and there, but it all meant good sugar going down the drain. Actually, we might say that the canning industry has ordinarily just taken the heart of the crop. There has been, and still is, inefficient use of the raw products.

Research by the canning industry to correct these things is fundamentally necessary. It's something in step with what other industries are doing. The Department of Agriculture itself is expanding its activities along those lines. You are familiar with the Research and Marketing Act that is just in the process of getting under way. I'm going to be learning more about it as I go along, and I am happy to be working in this field. It is a field which can make a great contribution to the agriculture of the nation, from the farm to the consumer. It is a field which will concern itself intimately with the problems of getting the commodity from the grower to the consumer—which means it will have to concern itself also with all the intermediate points between the grower and the consumer.

The industry will also have to pay more attention to quality. It can be more selective and see that the general level of commodities it furnishes consumers is higher. I'm sure that canners who have viewed some of the sample cuttings this year haven't been completely proud of the product displayed. Through your own observation and experience, you know that the first commodities to get in trouble are the standard and off grades, and you know what a high percentage of the total pack is constituted by the standards. I'm sure you also know that a lot of the raw material that winds up as standard in the can might very well have been extra standard or fancy, if proper care had been taken in harvesting and handling the raw product. Certainly the general quality level of the pack could be immensely improved. And the penalty for packing off grades is better known to you people than to anyone else.

The industry must also remember that the consumer will become more selective as supplies become more abundant and prices go lower. This will be particularly true when canners are competing with fresh and frozen products which are being presented to the consumer on a quality basis. And these two industries have had quite an expansion of their own. Frozen vegetable production has increased from 85 million pounds prewar to 380 million pounds in 1946. Fresh vegetable output increased from 6,335,120 tons prewar to 9,217,000 tons in 1946. It is apparent from these records of expansion that the canning industry has plenty of competition for the consumer dollar. It means more thought must be given to merchandising and merchandising research. There was a time when the processor opened his plant, packed his commodities, shipped the pack, and then closed up shop again. He let the distributor do all the rest of the worrying. But that's not the way the processor can operate these days. Now he has to follow his commodity through, all the way from the producer to the consumer. He has to give thought to the type of seed, the harvesting, the packing and even the warehousing. He has to think of all those things if he is to achieve peak efficiency. He has to realize that if there are large supplies in distribution channels, these supplies also have an effect on production.

Grower Prices

A good deal of thought will have to be given to grower prices. The prewar price on tomatoes was $12.40 (1935-39) and in 1946 was $30.03 per ton. Peas went from $51.22 to $86.13; corn from $9.89 to $19.72; beans from $44.51 to $111.24. Before the war, prices were probably too low; some folks think the prices now are too high. There is room for adjustment somewhere in this picture. In connection with the problem of adjusting prices of raw material to an equitable basis, it must be remembered that, for a time at least, many crops for canning must compete for acreage with other agricultural crops, the prices of which are being supported by the Government under the Steagall Amendment.

Something to remember, on the brighter side, is the gain—other than the gain in production—that the canning industry has made during the war. The greatest desire of every advertising and promotion man is to get people acquainted with his products. During the war the canning industry certainly managed to do just that. The years of rationing encouraged a lot of people to consume more of canned goods. They bought so they could use their coupons. This was free advertising for the canning industry. Another thing the war did was to introduce a lot of men in the armed forces to your products. Many of them became new consumers of many products. The national income is such that these people can continue to buy your products—at the right price—but competition for the dollars these people will spend will be keen. It is up to you canners to hold your gains.

No Government-held Stocks

I'd like to mention, just in passing, that the canning industry doesn't have any worry about Government-held stocks serving as a market depressant. I know that this was a worry right after the war ended. But it was a worry that didn't develop, for Government-held stocks were disposed of with no depressant result whatsoever on the market. I think that was a problem that was well handled. And I'm very happy that we don't have it with us to handle this year.

If you'll think back to the period after World War I, you'll remember that canners in the postwar period then did just about hold the gains they had made during the war. Canners should be able also to hold the gains made during this war. But it will take efficiency to hold them. It will take efficient plant operation, sound merchandising, and packing quality. Each individual canner cannot expect to see big individual increases, but the canning industry as a whole can certainly expect to see the increased general consumption hold up to meet proper nutritional diets.

Admittedly, demand for your products this year has not been as great as you expected. But whenever you say that, say it this way: "Demand at the prices I have held to this year has not been as great as I expected." There's a big difference.

A BANKER'S ANALYSIS

By Guy E. Reed, Vice President, Harris Trust & Savings Bank

Mr. Cumming, ladies and gentlemen, I do not know that I have ever talked to an industry that, looking backward or looking to the present, has so much to be thankful for. It seems to me that you are just completing the most successful year in your history—from the standpoint of profit, of volume, of quality, of inventories, of working capital, and from the standpoint of having an extremely low debt.

In looking into the 1947 situation, it seems to me that that discipline which will be necessary will have to come from within your own industry. In other words you may look upon tinplate as a limiting factor, and no doubt there will be a scarcity of tinplate; but the tinplate industry has a faculty of surprising us, of doing the unusual, and I confidently expect that this year, barring strikes, the supply of tinplate will be more than adequate for the consumption that is possible.

You, of course, face higher costs. You may face something of a labor shortage. The Government probably will not be engaged in bringing labor from other parts of the world to supplement your local labor. The crop outlook, as far as local conditions is concerned, is certainly exceptionally good. The possibility of large consumption was never more promising. When everyone is employed at good wages, you naturally can expect a much larger than prewar consumption on the part of the people as a whole. You have 9,000,000 added customers as compared to the prewar period.

Certainly there will be ample credit for the financing of the 1947 pack. The rates may be slightly higher—and here I am putting in a plug for myself and my good friends—but looking backward over the year 1946 you must remember that commercial loans are up 50 percent as of January, compared to a year ago. You must also be conscious of the fact that banks have had greatly increased costs. As a matter of fact, costs in banks have gone up an average of 60 percent since 1939. Another factor you must keep in mind is that the deposits in the war period—the so-called war deposits that the Government carried in the various banks, have been gradually liquidated, most of them applied to reduction of the National debt. This means fewer assets for the banks. (I am trying to make a good case for the banks.)

Insofar as 1947 is concerned, it seems to me there are some important considerations, and in order to contrast other periods with the present period I would like to take you back a few years. We first became interested in the canning industry about 18 years ago. We found it a business that had stability as far as consumption was concerned, but a lack of stability as far as price was concerned. In those early days, it was either feast or famine.

In general your plants were not well-equipped, your credit was bad. You had a small percentage of the pack sold when the pack began. In other words, you were endeavoring to work on a spot market, and it seems to me that canners never will be able to work on a spot market. You must get that cooperative attitude on the part of distributors if you are to have marketing prices. The small canners cannot afford to carry their inventory and wait for consumption to take it off the shelves. This is the distributors' job. If these channels close up on the small canners, insofar as future markets are concerned, if the distributors are unwilling to assure themselves of a source of supply and to look upon the canners as the men who make it possible for their business to continue, then the manufacturers are indeed in a bad situation.

We do not want to see a repetition of the conditions you gentlemen passed through 15 to 18 years ago. Orderly marketing in the intervening years has meant remarkable improvements for your distributors, your brokers, and yourselves. It seems to me that America can look forward to perhaps three to five years of unusual activity. The national income is beyond our wildest dreams. The backlog of purchasing power has been estimated all the way from 100 billion to 150 billion. The possibilities of full employment were never greater.

Now there is a squeeze in connection with your operations. After all, you gentlemen are interested in cheaper foods, and you should keep in mind that this so-called cost-of-living-wage cycle creates a very dangerous spiral, and could lead to dangerous inflation if the working man is going to tie his income constantly to a so-called cost of living index. He will probably do so as long as the cost of living is going upward.

As a matter of fact, as we look backward, the whole philosophy of tying wages as a permanent factor to the cost of living index is an unsound one. We have always believed in raising wages and cutting the cost of living. Otherwise how could you build a scale of living such as we have built. Production, of course, is the key to the cost of living—the efficiency of your labor, the efficiency of your plants. The canning industry has done a great job in equipping itself, in cutting its costs, but it must continue this. If our own country is to have this three to five years of high productivity, we must continue to be helpful in getting the rest of the world back to work.

It is quite unlikely that Europe to any great extent will be a strong competitive factor for some years to come, for the devastation, the general disorganization is much greater after this war than after World War I. History will eventually repeat itself. We will eventually get that competition. We must eventually adjust our prices downward.

The canning industry is in wonderful condition, it seems to me, to provide for whatever adversities that may befall in the years ahead. It is also in position to meet its finest opportunity. Your margins will not be as great, either to the manufacturer or distributor, but the industry can be stabilized without too great risks. I think the banks of America are in excellent position to be helpful to you.

MOVEMENTS OF STOCKS OF 1946 PACK AND PROSPECTS FOR 1947 MARKET

By Francis L. Whitmarsh, President, National-American Wholesale Grocers' Association

It would appear now that canned foods, especially the principal and seasonable items of the 1946 pack, should work their way into consumption before the new one starts.

I realize that this is a broad statement and will try to explain my thinking on the matter. From the information I can obtain, only a small percentage of the total pack remains in first hands and while distributors at all levels find themselves with heavy and badly balanced inventories, I believe that in most cases these are not heavy enough to exceed the demand from the consuming public by the time new crops reach the retail level.

Another favorable factor is the opening up of export controls coupled with the tremendous pent-up demand from foreign markets. In fact, as was the case with certain dried fruits, some large shipments abroad had a stabilizing effect on the domestic market.

Many of us are worried because of the size of our inventories but I believe we are looking at the dollar value—which is frightening—rather than at the numerical count. If we analyze our physical inventories, most of us will find that in spite of so-called buyers' strikes and buyers' resistance to prices, supplies do not appear sufficient to meet the demand.

Of course there are certain items such as beets and carrots and recently citrus which are exceptions and would

seem to be in surplus but the overall picture is good.

Another fact that we all must realize is that not only was the wholesaler forced to keep heavily stocked of merchandise so as to insure supplies for his customers but that the same situation exists at the retail level, in restaurants and institutional places and I daresay in many sections of the country in the housewife's storeroom. There is little doubt that the general belief is that food supplies are and will be more plentiful and that prices for them have gone as high as they will go and will probably become less expensive. Therefore we will find the same conditions existing in all sections of the distribution and consuming fields, namely, that they all want to liquidate their investments and before re-ordering, try to balance their supplies and from then on there seems to be a tendency for all to purchase their immediate requirements only. This has had the effect of slowing down sales at the wholesale level.

Readjustment Period

This is part of the readjustment period which in my opinion will soon be over. To give you an example, I know of one large chain of restaurants that for the last two or three months has made no purchases except of fresh and essential merchandise and have readjusted their menus so as to eat their way out of surplus, as the Army so aptly expresses it. Now they are again into the market but instead of buying as much as they can of any available scarce item, they are buying only their current requirements—which is a healthy situation.

Of course there have been some, and will be more, losses during the reconversion period but I cannot foresee any general wide open break except on those items which have risen abnormally high due to scarcities and which may still remain on hand at these high prices when replacement value is lower.

I believe canners this season will be faced with a situation they have not experienced for some years. I personally do not believe distributors in all cases can continue to accept allocations of a canner's output. Rather, some may hesitate to commit themselves for too long a period ahead, and will be inclined to buy mostly from hand to mouth, thus in many cases the canner will have to decide for himself just how much of a pack he wants to put up and finance. One wholesale grocer who has kept his own price index for a good many years points out that using January 1, 1940, as 100, on January 1, 1947, his price index is at 219, and 50% greater than on the same date in 1946. Such a rapid rise in prices, whether justified or not, should cause us to hesitate and many of us feel that 1947 is the year to carry low commitments and inventories.

The unfortunate newspaper publicity that is being given scattered price declines is causing confusion in the minds of retailers and consumers and creating a fear that the bottom will drop out of the market. This form of hysteria can readily cause us all to develop a false depression. Let's not talk ourselves into one, but rather let each one of us coolly and calmly study the facts. Let each of us independently consider the supply and probable demand as well as his own replacement costs.

The stability of demand is the outstanding characteristic of our industry which we should keep in mind. The average human being consumed, pre-war, 1,650 lbs. of total processed and unprocessed food per year. In 1946 the average consumption was at a rate of about 10 to 15% above the pre-war figure. This is not entirely due to present high wages. Part of the increase is due to the nutritional education program initiated by the federal government in May, 1940. In addition, there is the further added factor of unemployment compensation that is available to strikers in some states. This serves to maintain consumer purchases at a higher level than would be expected during work stoppages.

Six Percent More Consumers

There has been a remarkable increase in the birth rate since 1940. Today, there are about 6 percent more consumers in the country than there were seven years ago. The housing shortage forced many people to eat away from their homes and labor shortage forces the institutional trade to depend more and more on processed foods.

Fewer people live on farms than in 1939. Though population has increased by 6 percent, there are 15 percent fewer people producing the food crops of the nation and have become consumers instead of producers.

These are just a few of the reasons why I believe that the demands for food will be larger, and not smaller, in 1947, and the reasons why I believe that our present inventories will move into consumption.

To sum up, the canned food business will continue good—but with more cautious purchasing and decidedly a more selective one for quality products.

A CANNER'S ANALYSIS OF THE PROBLEM

By E. N. Richmond, President, Richmond-Chase Company

To make a presentation of the 1947 outlook for the national fruit and vegetable canning industry requires first an appraisement of the factors affecting this industry, namely: Purchasing Power, Comparative Value of Our Products, Consumption, and Annual Total Available Supplies.

For such an appraisement we are indebted for statistics to the U. S. Department of Commerce, U. S. Department of Agriculture, and the U. S. Department of Labor. These statistics have been compiled and reduced to chart form through the aid and cooperation of the Statistical Department of the California Packing Corporation, with Dr. H. R. Wellman, Director of Giannini Foundation of Agricultural Economics of University of California, as a consultant.

The year of 1937 has been selected as the index year for statistical computation, (1) because 1937 to 1946 represents a 10-year period, and (2) because it appears that 1937, with full production, might be the most logical pre-World War II period for fair comparisons.

For comparison purposes, in conjunction with the index year 1937, we have used the years 1941, 1945, and 1946, because, following the index year 1937, the year 1941 was the United States' last prewar year, and it was also a year of full production.

The years 1942, 1943, and 1944 have not been used for comparison purposes, because during these years a substantial proportion of our production was set aside for our armed forces.

Chart No. 1 on the next page portrays increased purchasing power, due to increased population.

	Index	Population
December 31, 1937	100	129,355,000
December 31, 1941	104	133,953,000
December 31, 1945	108	140,387,000
December 31, 1946 (Estimate)	109	141,500,000

The increase in population within the United States December 31, 1937, to December 31, 1946, was 12,145,000.

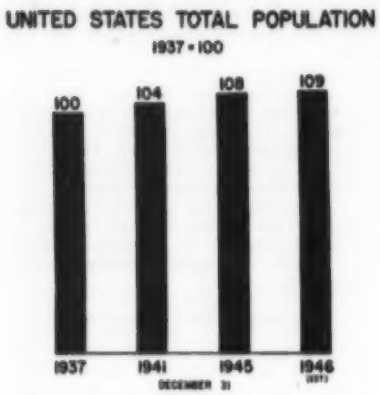
This larger population means increased consumption of food products, which in turn means larger sales of canned foods.

Disposable income of individuals means total income, less Federal and State income taxes: Disposable income represents buying power.

Chart No. 2 on the next page reveals the following information:

	Index	Percentage increase
1937	100	
1941	128	28%
1945	202	102%
1946	210	110%

Chart No. 1



SOURCE: U. S. Department of Commerce.

Factory payrolls are included in disposable income, but we have designated factory payrolls separately, because of the analyses normally made as between workers' income and the cost of food products.

	Index	Percentage increase
1937	100	
1941	154	54%
1945	264	164%
1946	233	133%

Total Buying Power

The increased population from 1937 to 1946 of 12,145,000, and the increased disposable income for the same years gives us a very good picture of the increased purchasing power on the part of our population for foods.

We must bear in mind, however, that as durables and household appliances become available, some of the buying power heretofore applied to foods will undoubtedly be diverted to other products.

Another factor of importance to buying power, and which is directly connected to disposable income, is the fact that since 1941 a substantial portion of our people who, prior to 1941, were on a sub-standard basis of living, are now, because of full employment and high wages, on a standard basis of living. There are no statistics available to indicate the percentage so affected.

Personally, I believe this fact is important because, while it is favorable at the moment, should economic conditions trend toward a reverse, it would become a very unfavorable factor, due to the fact that the canning industry has, during the war period, increased its volume of production and is now geared to operations for maximum demand plus.

Chart No. 3 on the next page indicates the index of retail food prices as of November, 1946, as compared to index year 1937.

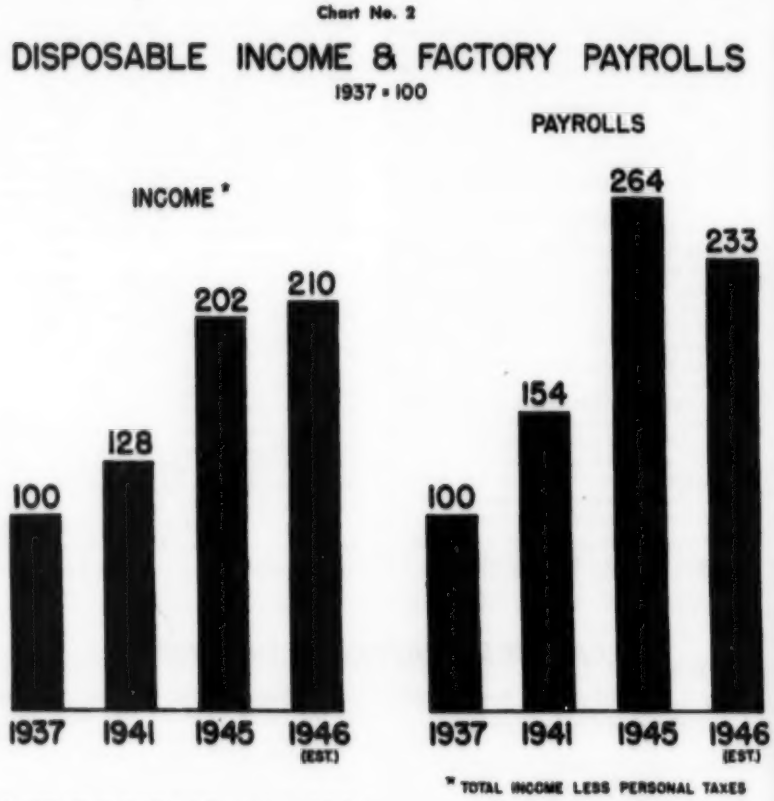
The first line presents the index figure of all foods, and, for the purpose of comparison to all foods, we have enumerated seven commodities, including canned fruits and canned vegetables:

	Index	Percentage increase
November, 1946:	100	
All Foods	178	78%
Meats, Poultry, Fish	192	92%
Dairy Products	188	88%
Sugar and Sweets	168	68%
Fresh Fruits	197	97%
Fresh Vegetables	146	46%
Canned Fruits	154	54%
Canned Vegetables	166	66%

The index commodities for canned vegetables are corn, peas, tomatoes, green beans, and vegetable soups.

Vegetables reflect higher prices than fruits, largely because tomatoes have increased materially greater than other varieties of index vegetables, as is indicated by the fact that the tomato index figures of November, 1946 (with 1937 as base equal to 100) were 215, or an increase of 115 percent. We make this explanation because we are sure the index of corn and peas would show a considerable lower figure than 166.

Chart No. 2



SOURCE: U. S. Dept's. of Commerce and Labor.

Below, for further comparison purposes, we give the index position of disposable income and factory payrolls to all foods, canned fruits and canned vegetables: And also the percentage of increases since 1937:

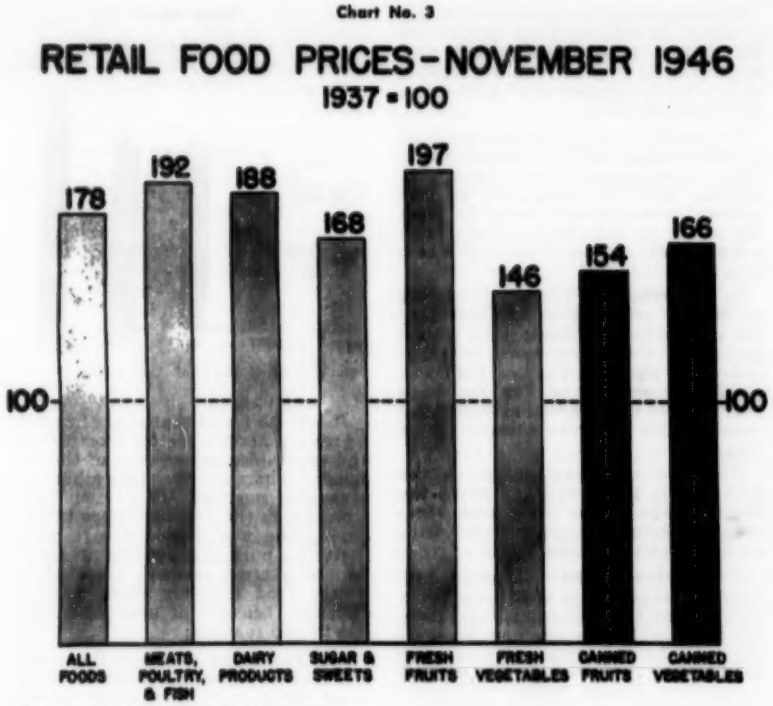
	Disposable income	Factory payrolls	All foods	Canned fruits	Canned vegetables
Index (1937—100)	210	233	178	154	166
Percentage Increase	110%	133%	78%	54%	66%

The December report of retail food prices, recently issued, indicates a lower index figure for all foods. The report was not available at the time we compiled these facts.

We here illustrate pounds per capita consumption of fruits, vegetables and juices during the years 1937, 1941, 1945, and the estimate for 1946 as of December 31.

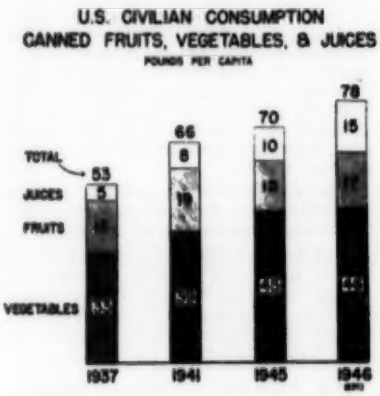
From Chart No. 4, which is shown on the following page, we can glean the remarkable progress which has been made through consumer acceptance of canned vegetables, fruits, and juices.

Chart No. 3



Source: U. S. Department of Commerce.

Chart No. 4



Source: U. S. Department of Agriculture.

The study reveals the following information:

	Vegetables	Fruits	Juices	Total
	—Pounds per capita—			
1937	33	15	5	53
1941	39	19	8	66
1945	45	15	10	70
1946 (Est.)	46	17	15	78

The per capita consumption of canned fruits for the years 1945 and 1946 was restricted, due to the available supplies for civilian distribution.

The total available supply of canned fruits from the 1944 production, plus canner and wholesaler carryover as of June 1, 1944, was 61,100,000 cases, but because of the government set-aside order for our armed forces there was available to the civilian population only 31,200,000 cases. This supply represented supplies available to the civilian trade for the last half of 1944 and the first half of 1945.

The pack of 1945, plus the carryover, totaled 55,000,000 cases, however, excluding government "take" and exports the supply for civilians was 50,000,000 cases. This was the total civilian supply for the last half of the year 1945 and first half of the year 1946.

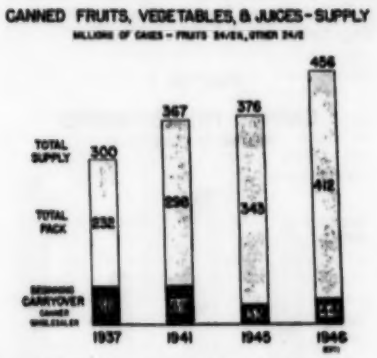
There was available to the civilian population for 1941 approximately 71,000,000 cases.

With ample available supplies for the first half of 1947, pounds per capita consumption for canned fruits should show a substantially higher figure than the per capita consumption of 1941.

Chart No. 5 portrays the production plus the carryover in the possession of canners and wholesalers, computed as of approximately June 1 each year, excepting citrus fruits, which are computed as of November 1.

Practically all fruit and vegetable production is included, except dried beans, baby foods, and soups. Included as wholesalers are the stocks in chain store warehouses.

Chart No. 5



Source: U. S. Department of Commerce.

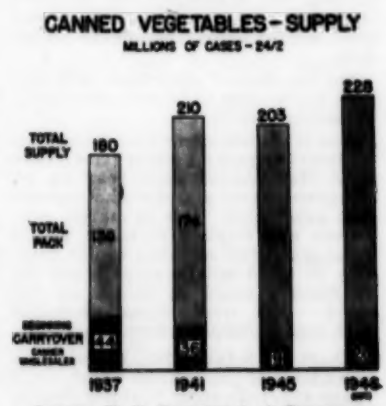
The total in 1946 is estimated at 456,000,000 cases as compared with the 1945 supply of 376,000,000 cases; 367,000,000 cases in 1941 and 300,000,000 cases in 1937.

Following we give you total available supplies for the years designated, less government take and exports. The balance represents the available yearly supplies for civilian trade:

	Civilian available supply Cases	1946 % increase over %
1946 (Est)	440,000,000	
1945	353,000,000	25
1941	330,000,000	33
1937	292,000,000	51

From these figures, it is apparent that the distributor and retailer have the opportunity of replenishing their inventory position. To what extent this replenishing may go, cannot be determined until carryover inventory position of June 1, 1947, and later dates according to varieties has been established. Undoubtedly the position of inventory at that time will vary by commodity, and within commodities will vary by grade.

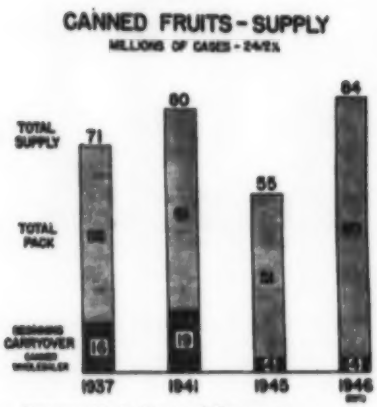
Chart No. 6



Source: U. S. Department of Commerce.

Chart No. 6, shown on the preceding page, represents the vegetable breakdown of Chart No. 5—"Canned Fruits, Vegetables and Juices—Supply."

Chart No. 7



Source: U. S. Dept. of Commerce.

The foregoing chart also represents the fruit breakdown from Chart No. 5, indicating "Canned Fruits, Vegetables, and Juices—Supply".

We call attention to the low inventory position of canned fruits as of June 1, 1945, and June 1, 1946; and we have previously called attention to the per capita consumption as having been affected by shortage of available supplies to civilian trade prior to the pack season of 1946.

We call attention to the fact that 1946 represents the first year since 1941 that the distributors and the retailers have been able to obtain sufficient supplies to enable them to establish an inventory position. To what extent this inventory position will have been established cannot be determined until inventory as of June 1, 1947.

It is true, we will be able to gather general ideas as the spring months develop, but nothing of an accurate statistical nature can be determined until approximately the above stated date.

On the face of statistical information, fruits seem to be in a reasonably favorable position.

The U. S. Department of Commerce projects the pack of citrus fruit juices from November 1 each year on an estimated basis and for the current crop production. Due to market conditions and tinplate shortage, actual fiscal production of juices will be probably 20 to 25 million cases below the 144,000,000 cases as shown on the chart. The total citrus estimated pack was 70,000,000 cases.

Chart No. 8 (at right), represents a breakdown of juices from Chart No. 5 (page 41), indicating "Canned Fruits, Vegetables, and Juices—Supply".

The chart further portrays the tremendous growth of juice production within our industry; and such production could only be justified because of housewife acceptance of juices as a portion of the diet.

Personally, I would not feel qualified to discuss the item of citrus juices, which is the largest single item of production, and any discussion on this subject, in my opinion, must be from the citrus canners rather than from a layman discussing the overall situation.

In reference to tomato juice—we would call attention to the fact that the production of tomato juice as reported by the Department of Commerce for the pack year of 1945 was 23,378,000 cases, and for the pack year of 1946 is estimated at 30,000,000 cases—which is a very substantial increase.

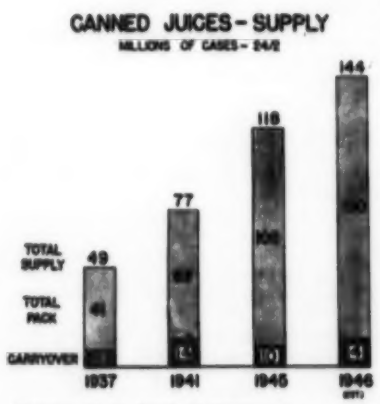
There is much speculation on the part of the public-at-large as to the effect of the frozen fruit and vegetable industry in competition with canned fruits and vegetables.

Frozen fruits and vegetables during the past ten years have made much progress with the consumer, and from the chart which we are now presenting it will be of interest to the canning industry to observe what degree of competition frozen fruits and vegetables have been to canned fruits and vegetables up to the present date.

For the purpose of this comparison, Chart No. 9 will indicate pounds per capita consumption of canned fruits, fruit juices, and vegetables, with the same information and for the same years on frozen fruits and vegetables:

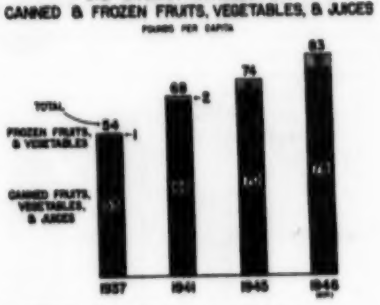
	Canned fruits fruit juices and vegetables	Frozen fruits and vegetables
1937	53	1
1941	66	2
1945	70	4
1946	78	5

Chart No. 8



Source: U. S. Dept. of Commerce.

Chart No. 9



Source: U. S. Dept. of Agriculture.

It will be noted that there has been a growing acceptance for frozen fruits and vegetables on the part of the consumer. There are packages other than consumer packages of frozen fruits from which the products were utilized during the war period for re-manufacturing purposes, such as preserves. At the present moment some of the frozen food industry finds itself in difficulty, because of over-production, due to two reasons:

(1) Following V-J Day, the cancellation of government preserve orders, when the preserve manufacturer had large supplies of frozen products on hand, and with no sugar for manufacturing;

(2) The frozen food manufacturers in number are new in the food processing game, and did not give due consideration to inventory positions or quality of pack for the 1945 production but continued to produce in 1946 without proper consideration as to quantity or quality, with the result that there was over-production as well as poor quality.

The further result is that there is much financial distress in some quarters and liquidation is taking place.

The few substantial and well established producers and distributors of widely accepted brands are in sound position, and continue to increase their volume of production and distribution in a very satisfactory manner.

1947 Production and Demand Outlook

The statistical review shows our industry to be statistically sound at this time with the exception of possibly a few commodities and some grades within commodities.

Now let us extend our discussion to 1947 production and demand outlook:

Disposable income probably will remain in strong position for 1947, barring labor disturbances which could affect the whole national economic situation.

Consumption of our products, if properly priced, should be maintained —again barring disturbances of the

economic situation; and further, provided there is not a drastic diversion of purchasing power, due to there becoming available in more plentiful quantities items of production for which our people have a keen desire.

Carryover in some of our commodities probably will be heavier prior to new crop operations than we have encountered since 1941.

Because of the removal of practically all government controls, we enter 1947 production and distribution on the basis of free competitive markets. Competition will affect us in accordance with supply and demand, and in consequence the individual canner as he plans his 1947 production must give consideration by commodity to the inventory position of that commodity prior to his calculations for his own 1947 production.

Finance

This industry, since 1942, has had no financial problems, because of the ready markets from government agencies and the civilian trade for our products, and on the basis of prompt shipment and prompt payment.

During the 1946 pack season practically all of our production was available to the civilian trade, and the trade bought freely for prompt shipment, with the result that the distributor has received delivery of the greater portion of his 12-months' supply of the products such as we manufacture; and, as a further result, has had problems of storage, and in many instances problems of finance.

The canner, for the 1947 season, must be prepared to again assume a greater responsibility for the financing of a substantial portion of his pack for such periods of time as are required to move his pack in an orderly manner to his markets for distribution.

In my opinion, the canner will meet with a resistant distributor market, regardless of statistical strength. The distributor will consider his inventory position and his desire to purchase will be in accordance with his own individual inventory policy. Hence the need on the part of the canner of a strong position for the financing of his operations, sound consideration of values, and a close scrutiny as to the volume of his production.

1947 Increased Costs of Production

Sugar—For our products for which sugar is used—is now 33 1/3 percent higher than the sugar cost for the 1946 production. The future of sugar is dangerously uncertain.

Cans—Costs up approximately 14½ percent.

Fibreboard Containers—Costs up approximately 12 percent.

Labels—Costs up approximately 10 percent.

Miscellaneous Supplies—Costs have advanced.

Labor will demand higher wages in major canning centers, and the outcome of negotiations can be considered doubtful.

The general forecast for *raw products* indicates lower values. At the moment, a forecast of *raw product* costs on our part would be guesswork.

Public Opinion Is Demanding Lower Prices

The housewife is price-conscious, and if our products are not properly priced in competition with other foods, our industry could find that what appeared to be production balanced to demand would represent a surplus, because of a curtailment on the part of the housewife's purchasing.

Canned fruits, vegetables, and juice usage has gained tremendously with the housewife during the past ten years.

It is my belief that the younger generation of our Nation, as they set up housekeeping for themselves, are an important factor in the usage of canned fruits, vegetables, and juices, and that there is opportunity for even greater consumption, provided:

1. The canner maintains the price structure for his products well in line for competition with other food commodities, and in accordance with economic conditions;

2. That he maintains a high standard of quality by grade, for the commodity which he produces;

3. That he uses descriptive labeling, to enable the housewife to be advised of the contents of the can which she is purchasing;

4. That he himself does a good job of merchandising.

Tin Plate

We now come to a most important factor which may limit the canner's ability to pack.

On December 28 the Civilian Production Administration removed the government restrictions set forth in M-81 as to products and quantities of products that will be packed in metal containers—retaining control only to can sizes and types of mill products permitted for specific uses.

The removal of the restrictions of M-81 has the effect of placing upon the can manufacturer the responsibility of effecting an equitable allocation to all of their customers, which would include those who have been restricted and prevented entirely from using metal containers during the emergency.

You should have an appreciation of the tin plate situation because of the discussion before this Convention yesterday by David F. Austin, vice president of the U. S. Steel Corporation.

We believe, however, that some repetition may not be harmful, and, in consequence, quote from a letter recently issued by one of the major can companies, to its customers:

"In approaching the problems of an allocation formula for the year, we have the following facts to face with respect to production of mill products as presented by the Civilian Production Administration. *(See table below)*

"Because these estimates take into consideration new steel production facilities that may not reach the production stage until late in the year, deliveries of plate will be considerably lighter in the first half of the year than in the second half. Any work stoppages would, of course, not only affect the year's whole production but would further distort the proportion and timing of deliveries."

Corrected tonnage figures by the informant can company are that production may reach 4,400,000 tons, subject to the above paragraph relating to quarterly periods of production and work stoppages. Also, canner requirements have increased in like proportion.

There are several suggested formulas offered in the letter to the canner for allocations for the first quarter of 1947, and a digest of the formulas offered would lead to the conclusion that the canner would be entitled to approximately 80 percent of his 1946 production.

It will be noted from the above quotation that unless there are strikes within the can manufacturing industry which indirectly would include steel and/or coal, there might be some improvement in tin plate production—particularly for the third and fourth quarter. It must also be noted that if there are strikes in the steel and/or coal industries the supply of tin plate will be adversely affected.

It would seem as though canners producing products particularly through the first and second quarter of 1947 should—before they contract acreage contact their can company as to the probable tin plate supply during the period this acreage is maturing and being harvested.

"Estimated requirements for can manufacturers		3,457,000	tons
Estimated production	3,807,000		
Estimated requirements for:			
Closures	250,000		
Miscellaneous	100,000		
Canada	125,000		
Export	400,000	875,000	
Available for can manufacturers		2,932,000	tons
Shortage		525,000	tons

In conclusion, we believe the fundamental elements are present for a good season in 1947, provided canners apply common "horse sense" to their operations, are satisfied to produce in accordance with the probable demand, and operate on a close margin of profit.

Past history should have taught us something.

We have outlined above, the increased cost of items for the season of 1947, over which we have no control.

How you are going to keep your prices in line, and how you are going to hold your production in line to proper proportions of demand are going to be the two major problems which you as canners are individually going to face and have to solve prior to the operating season of 1947; and may you not be opportunists, but realists in the solving of your problems. For intelligent guidance of production, we suggest that you follow your statistical information, especially of inventory positions by variety, competitive food pricing and buying power.

Nineteen forty seven will be a year of readjustments—the extent of such readjustments as may affect our industry will be determined by variety as the year progresses.

We believe that it is fundamental to the success of the grower for good production—to the canner for a market for his products—to labor within our industry for steady employment and to the distributor for his volume and profit that we have the housewife's acceptance of our products both as to price and quality.

The grower must review the values of his products if he desires a steady volume market at reasonable prices for that which he produces, the canner must review his margins of profits on the basis of low margins and greater efficiency. Labor must render efficiency and the distributor must review his margins of mark-up and his merchandising policies to the retailer. Competition should take care of the reasonableness of the retailer's price to the consumer. Maybe as between the four above-mentioned factors we may find some of the answers to the problems of 1947 as they present themselves.

PANEL SUMMARY

By Howard T. Cumming, President, Curtice Brothers Company

According to the program I am expected at this time to give you a summary of this panel discussion. That implies that I shall review the speeches and indicate the principal points made. There has naturally been some overlapping and some repetition and I am afraid if I undertake to review the speeches categorically I may tire you beyond endurance. It may be, however, that I can still discharge my responsibility in a different manner.

I am going to try to put myself in your place and ask a few questions such as I believe you will be asking yourselves as you perfect your 1947 packing plans. I shall then attempt to supply the answers to these questions from the morning's presentations by the gentlemen who have addressed you. I may have to supply a suggestion here and there but I shall try to subordinate any views of my own.

As I look ahead, the first question I am inclined to ask is:

"In how far should the present apparent surplus of canned fruits and vegetables influence my 1947 planning?"

You have heard Mr. Whitmarsh and you have seen Mr. Richmond's figures and heard his comments on this subject. They seem to believe that the present stock of canned fruits and vegetables will find its way into consumption, previous to the packing season, without leaving distressing surpluses at either canner or distributor levels. Admittedly there are those in the industry, particularly among distributors, who will disagree with the point of view expressed by these two gentlemen. They can support their views by pointing to the citrus experience, the butter market and other important commodities outside of this industry. On the other hand, you have seen evidence that our goods are moving into consumption. You have been reminded of the enormous purchasing power of our increased population, and of the efforts among distributors to get our goods into consumer hands. The judgment of our panel speakers seems to permit us to conclude that the present stock may be expected to disappear during the next few months (and they are historically the big consuming months) to a point where the carry-over will be somewhere near normal. Goods which are priced abnormally high are likely to prove embarrassing. Given an intelligent, courageous, aggressive and cooperative effort on the part of all of us concerned we can look for a better picture than some would have us see at the present time.

"To what extremes should I go in my efforts to finance a big pack in 1947?"

To begin with, most of us, in spite of controls and in spite of taxes, find ourselves with more financial strength than we have enjoyed in years. The banks generally are seeking use for their funds. Credit, when reasonably well secured, may be had. In all probability a big pack could be financed. But as we face this one let's remember that severe competition lies ahead. At some time during the next two or three years we may expect to be operating on a close margin. That is the history of this industry. Let's save some financial strength for those years. We have fallen into the habit of being careless of dollars because they have been plentiful Let's invest our dollars in the canning business this year with caution but with courage. It sometimes takes as much courage to say "No" as to say "Yes" when we think of expansion.

"How far can we safely go in bidding for agricultural raw materials—on fruits and vegetables—in 1947?"

You have heard Mr. Meyer say that any lowering of grower prices will meet with resistance. You have also heard him say that there is a big spread between prewar and 1946 costs and that there is room for adjustment between the highs and the lows. It seems to be generally accepted that the price levels—in this industry along with others—will be lower. Surely grower prices can be expected to move in sympathy with the general level of prices. There is a particularly strong reason why canners should strive to get grower prices moving in a downward direction. We know now that our costs will advance approximately 4 to 5 cents per dozen twos for containers and labels. Something must be found to offset that increase. It could and perhaps should be a lower cost of raw commodities. Our growers are the mainstays of our business and we have no desire to injure them. But they are also our partners and as such may be expected to go with us as we return to a more normal situation.

"In how far should the outlook for cans influence my plans for my 1947 pack?"

With the recent amendment of M-81, cans are now available to all users. It is probable that March 31 will see all government restrictions removed. This suggests there will be an enormous demand for them. At the same time it is indicated that the supply may be affected by a limited supply of tinplate. It is worthwhile, however, to recall that other than in war years the can companies have always found a way to satisfy the total needs of the industry. While the future in respect to the can supply cannot be certain, it is perhaps fair to conclude that canners with ability to finance their purchases will find at least a liberal quantity available. Some think plenty for the good of the industry.

"There is always much talk about packing quality. Should I make a supreme effort to pack quality in 1947? Does the situation justify such an effort on my part?"

Reference has been made here to the fact that consumers are buying

selectively. As long as they have the purchasing power and the goods to select from they are going to choose quality merchandise and known brands. The "cats and dogs" and off-grade merchandise will be left behind. While there will always be a place for good Standard and Extra Standard merchandise, it seems obvious that the canner who offers high quality enhances his chances to sell with certainty and profitably in the competitive market that lies ahead. Moreover, volume is associated with quality. With some of our principal items volume decreases as quality increases. If quality may be obtained at the expense of volume, it would seem desirable to strive for quality. This industry will find increasing competition for the consumer's food dollar—competition from both frozen and fresh fruit and vegetables. One most effective weapon against that competition is quality merchandise. Let's supply plenty of it.

"The importance of efficiency has been stressed by several speakers this morning. To ask ourselves if we should aim for efficiency sounds like foolish Question No. 1."

We always aim to be efficient. It may be that this year is the one in which we better not only talk about it but go all out to attain it. The inefficiency, the unreliability and the cost of labor has been brought home to us in no uncertain terms during the war years. It is essential that we adopt every practical labor saving device that is available to us.

"How much emphasis should we put on selling and merchandising in 1947?"

Let's admit that most of us have gotten out of a selling frame of mind during the war. Our customers' problems have not been as close to us as they were before the war. If 1947 is going to bring back the keen competition that we knew before the war let's put on our selling clothes and go to work. And let's start with careful planning. Without well thought-out, sympathetic and understanding plans no amount of footwork will bring success.

Raw Products Conferences

CATIONS FOR CANNING CROPS

By Firman E. Bear, New Jersey Experiment Station, New Brunswick, N. J.

The knowledge that soils possess a mechanism by which cations are held in readily exchangeable form is of long standing. Studies on this subject were reported by Way nearly a century ago. Since that time a great deal of work has been done in an attempt to determine the inter-relationships of the nutrient exchange cations in soils and plants.

Nature of Exchange Mechanism

It is now known that the clay minerals are the seat of the exchange mechanism in mineral soils. Two general groups of exchange minerals are exemplified by kaolinite and montmorillonite. The crystal lattices of the kaolinite group have the general formula $Al_2O_3 \cdot 2SiO_2 \cdot 2H_2O$ and are made up of one sheet of silica to one of alumina. They are reactive primarily on their outer surfaces. The lattices of the montmorillonite group have the general formula $Al_2O_3 \cdot 4SiO_2 \cdot 5H_2O$ and consist of 2 sheets of silica to one of alumina. They are of the expanding type and are highly reactive, both on their surfaces and within the crystals. The kaolinite group are dominant in the soils of the Southern States and the montmorillonite group in the soils of the north. Thus most southern soils have a relatively low exchange capacity in comparison with the same class of northern soils.

Relative Ease of Replacement of Exchange Cations

Of the common soil cations, the order of replacement is H, Mg, Ca, NH_4, K, and Na, the first being the most active. By concentrating any one ion in the extracting solution, however, the others can readily be replaced in accordance with the law of mass action. Ammonium salts are employed in laboratory determinations of the exchange cations in soils because the NH_4 ion can readily be eliminated in the subsequent analytical procedures. The H ion is seldom used as a replacing agent because at any very high concentration it tends to effect deep-seated changes in the soil minerals.

Means of Increasing Soil's Cation-Storage Capacity

No problem is presented by the heavier types of soil of the Northern States since they normally have a high content of montmorillonite and a high exchange capacity. Sands present the most serious problem, especially those that are located in the South. The practical remedy for low storage-capacity is found in increasing the soils content of organic matter. The humus that is produced from this organic matter has a very high exchange capacity, often 20 times that of an equal weight of clay. The exchange capacity of soils can also be increased by the use of lime and superphosphate but their direct effects are relatively small. In proportion as they stimulate increased plant growth, however, their roots and residues supply more organic matter. Thus the only feasible means of materially increasing the exchange capacity of sandy soils is by the addition of organic matter or by deep plowing that brings some of the usually heavier subsoil up to the surface.

Means of Maintaining Cation Supply in Soils

Large amounts of Ca are applied to soils of humid areas, partly as the hydrate of carbonate and partly as the phosphate and sulfate. The alkaline forms of lime tend to effect a replacement of exchange H by the formation of water. The use of phosphates and sulfates results merely in chasing the H down to lower depths. In either case, the cation equilibrium in the exchange complex is altered with the result that not only is the cation supply for the plant affected but the composition of the drainage water as well. If any one cation is applied to the exclusion of the others, difficulties soon develop in crop production because of the scarcity of one or more of the others. Experience has shown that, for permanent productivity, it is necessary to supply all the cations required by plants. The most important of these cations, in the order of their abundance in plants, are K, Ca, Mg, and Na. The NH_4 ion is also important but this is normally changed to NO_3 within a relatively short period after it has been applied in fertilizer-salt form or has been released from decomposing soil organic matter. Thus any NH_4 ions that may be temporarily contained in the exchange complex tend to be replaced by H ions.

Effects of the Several Cations on Physical Properties of Soils

A considerable amount of work has been done with H, Ca, K, and Na soils. The physical properties of these one-ion soils differ greatly. The Ca soil possesses the best physical properties and the Na soil the poorest. A highly dispersed Na soil is practically impervious to both water and air. Such soils are common in irrigated arid regions. They are also formed when areas are flooded with sea water, when water of high salt content is used for irrigation purposes, and when excessively large amounts of sodium nitrate are used for fertilizer purposes. The best means of remedying such a condition is by the liberal use of some soluble Ca salt such as the chloride or sulfate. Only as partial granula-

tion of the soil is effected and water begins to move down through the profile can the Na in the exchange-complex be replaced by Ca. Once sufficient Ca has entered the complex to permit the passage of water through the soil, the rate of correction is quite rapid.

Ratio in Soils in Relation to Plant Needs

The ratios of Ca:Mg:K in a plant bear little resemblance to their ratios in the exchange complex of the soil on which the plant was grown. In an experiment designed to determine the most favorable ratio of Ca:K in the soil for the growing of alfalfa it was found that ratios anywhere between 1:1 and 100:1 were satisfactory. When the results from 10 successive crops were summarized, a 4:1 ratio seemed to be about the optimum. Starting with a soil in which the Ca:Mg:K ratios have been adjusted to 100:15:25, the first crop of alfalfa contained these elements in the ratios of 100:37.5:105. The discrepancy between the ratios in the soil and those in the plant can be explained in large part by the relative rates of hydrolysis of the exchange cations. The order of hydrolysis of the ordinary nutrient cations is K, Ca, Mg. The high rate of hydrolysis of K makes it the dominant element in the cation economy of plants. If supplied in liberal amounts, K tends to move into the plant in much larger quantities than required, often with resulting deficiency of Mg and a marked reduction in Ca in the plant. In further studies of this problem the decision was reached that most crops could be grown very satisfactorily if the exchangeable H, Ca, Mg, and K were maintained at about 20, 65, 10, and 5 percent, respectively, of the exchange capacity of the soil.

Economy in the Use of Nutrient Cations

The cation-equivalent content per unit weight of any given plant when grown under standardized conditions on a variety of soils is practically constant. This applied notwithstanding very widely different ratios of exchange Ca:Mg:K in these soils. Thus the cation content of the first crop of alfalfa grown on 20 different soils averaged 170 milliequivalents per 100 grams dry weight of tops. Yet the Ca content of the tissues of the produce of these soils varied between 59 and 126 m.e., the Mg content between 16 and 40 m.e., and the K content between 38 and 74 m.e. The cation content of the eighth crop was equally constant although the Ca and Mg content of that crop was much higher than for the first crop and the K content was very much lower. This indicates that, within limits, any one cation can be substituted for the other. It would seem logical, therefore, to maintain a high content of Ca in the exchange complex, since this element is much the least expensive of the three. It is necessary, however, to continue to supply adequate amounts of K. The evidence indicates that frequent moderate applications are to be preferred to occasional heavy doses of this element. This preference is based on the fact that heavy applications of K induce luxury consumption of this element with resulting reduction in the Ca content of the plant. This means not only greater expense in production but lowered food and feed value of the plant produce. In this connection it is important to keep in mind that Na is another very useful substitutive cation in plants and its presence in nitrate of soda aids in explaining the notably good crop effects resulting from the use of this fertilizer material.

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THE FERTILIZER SITUATION IN 1947

By F. S. Lodge, of the National Fertilizer Association

The outlook for fertilizers for canning crops for processing in 1947 is only fair when considered in the light of an apparently unprecedented demand. We will have, as a nation, for the crop planting year 1946-1947 slightly more fertilizer, over all, than we had for the previous year. The increase will be in the form of phosphates and potash, however, and we will have slightly less nitrogen. This is all predicated on uninterrupted production and importation in line with present projected schedules. Coal strikes, steel strikes, maritime strikes, strikes within the industry or transportation difficulties of any kind may materially curtail the amount of fertilizer that will be available for our crops now about to be planted. At the December 10 meeting of the Fertilizer Industry Advisory Committee of the United States Department of Agriculture, the Civilian Production Administration reported the fertilizer supply situation for the 1946-1947 fiscal year ending June 30, 1947, according to the following table:

	Distributed in year ending June 30, 1946	Estimated available for year ending June 30, 1947
	Tons	*Tons*
Nitrogen (N)	702,428	693,100
Phosphoric Acid (P_2O_5)	1,317,350	1,500,000
Potash (K_2O)	726,773	766,000

As compared with last year, this means 14 percent more phosphoric acid, 5 percent more potash and about one percent less nitrogen. Although over all there will apparently be only one percent less nitrogen than last year it must be pointed out that there will be a greater proportion of this nitrogen in the liquid form and a smaller proportion in the solid form. In other words, such materials as sulphate of ammonia, nitrate of soda, ammonium nitrate, cyanamid, uramon and calnitro will continue to be in short supply and will in all probability in many areas be difficult to obtain for direct application as top or side dressing. The reasons for these shortages are varied. The coal strike and rail embargo seriously curtailed the production of sulphate of ammonia which is a by-product of the coking of coal. The maritime strike reduced the importation of nitrate of soda from Chile to a fraction of expectations and a dock workers' strike in Chile has further interfered so that importations are fully two months behind schedule with little hope of making up the time. The rail embargo and coal strike curtailed production of ammonium nitrate and Government commitments for export shipments to occupied and famine ridden countries have materially cut into our supply of that material. Similar troubles have affected supplies of the other solid nitrogen carriers. Fortunately, increased quantities of nitrogen solutions were forthcoming but these solutions in the main cannot be used direct and must go into the manufacture of mixed fertilizers. The amount so used is also limited because of the chemical reactions involved and high analysis mixed fertilizers cannot be produced with solutions alone. Increased output of superphosphates and of the potash salts presents a more favorable picture but still the unprecedented demand for fertilizer will not permit all requirements to be filled. Fertilizer consumption in 1946 was considerably more than double the amount used in the pre-war era. The inability of the industry to fill all demand is not a question of manufacturing capacity. Not more than

75 percent of the superphosphate manufacturing capacity was used for last year's record production. Our nitrogen producing capacity is far greater than our requirements. We can produce our entire requirements of potash. In the critical emergencies of war and reconversion some dislocations of supply and demand are always inevitable. We are confident that after the present planting season is over all fertilizer demands of the American farmer and produce grower will be met.

THE CROP INSURANCE PROGRAM

By G. F. Geissler, Manager, Federal Crop Insurance Corporation

I am very glad indeed to have an opportunity to speak during this conference on Raw Products as part of the National Canners Association Convention. In the first place, I always like to talk about crop insurance—particularly when I'm speaking to people who are vitally interested in problems of crop production. The very basis of our Federal crop insurance program is built upon the need of farmers to protect themselves against the unavoidable problems they must face from the time they plant their crop until it is harvested . . . the need to protect themselves against the natural risks of farming.

Everyone who handles farm products on their way from the farm to the consumer insures them against loss or damage. If fire destroys wheat while the grain is stored in the elevator, the owner collects on his insurance. Flour is insured as part of the miller's stock, and the grocer carries insurance on the bread he keeps on his shelf. As long as the products are in the hands of the businessman, he protects his investment. But at no time is the risk of loss or damage as great as while the wheat is growing in the farmer's field. That's why the farmer, first and foremost, should have the opportunity of protecting his investment in his crop in order to put his operations on a firm, business-like basis.

Although canning crops are not included at this time in the Federal insurance program, the principles of crop insurance are of vital concern to all of us who are interested in the financial stability of farmers and of the economic status of the rural community. Then, too, it is the objective of the Federal program to expand insurance coverage to include all major crops as fast as it is practical and sound to do so. Extensive study has already been given to the possibility of offering insurance on canning crops, and valuable data are being gathered now on ways and means of adding new crops through the experimental programs.

Congress first authorized Federal all-risk crop insurance in 1939 only on wheat. In 1942 cotton was added as an insurable crop on a Nation-wide basis. The act of Congress created the Federal Crop Insurance Corporation, under the United States Department of Agriculture, to offer insurance to producers in order to provide a means for them to protect themselves against loss in yields due to unavoidable causes. There has never been any intention of offering profit coverage. The amount of insurance coverage was not to exceed 75 percent of the average yield established for the farm in order to give the producer protection against disastrous loss—so that he can farm again next year no matter what happens. Crop insurance is not a get-rich-quick proposition. It will never be as profitable to collect on an insurance policy as it would to harvest a good crop, but that policy absorbs the sudden shock of crop failures.

The active operations of the Corporation were suspended temporarily during 1944. But on December 23, 1944, Congress authorized the Corporation to offer insurance again on wheat and cotton, with the addition of flax, beginning with the crops planted for harvest in 1945.

At the same time provisions were made to expand the insurance coverage to other crops through trial programs as soon as sufficient actuarial data on the commodities were available. Trial insurance was limited by law to corn and tobacco in 1945 and to no more than three additional crops each year thereafter. Each experimental program is limited to no more than twenty representative counties and to a period of no more than three years.

Intent of Congress

Congress spelled out the intent of their legislation specifically on the question of the insurance program being self-sufficient. Crop insurance is expected to pay its own way after sufficient time has been allowed to straighten out most of the problems encountered in first launching the new program. Administrative expenses are paid by annual Congressional appropriation, but the cost of paying indemnities is expected to be met from the amount of premiums collected. At the same time, the Corporation is asked to build a premium reserve to allow for possible emergency years. The Government is providing the structure of the Federal Crop Insurance Corporation as the means for farmers to pool their own resources for their mutual benefit. In other words, the Corporation does not intend to make a profit—no more will it be allowed to drain the taxpayer's purse unnecessarily. It is merely an attempt to answer the need of farmers to protect *themselves*.

Perhaps we can be more specific concerning how crop insurance offers protection by explaining the policy more fully: The "all-risk" crop insurance policy offered by the Corporation protects the farmer against crop losses from unavoidable hazards—drought, flood, winterkill, hail, insects, and other natural causes. It does not protect the insured producer if the loss of his crop is due to his own negligence. The farmer has a choice of several levels of coverage, depending upon the protection he desires. However, the highest coverage specified by law may not exceed 75 percent of the long-time average yield of the farm.

Premium rates are based upon the normal loss expectancy of the county, as determined by the historical variations in annual yields. The amount of premium also varies by the level of coverage selected. The higher the coverage, the higher the premium. Loss payments and premiums collected are computed in bushels or pounds. However, to simplify payment for the farmer and for the Corporation, these transactions are converted to dollars and cents.

Application for Filing

Protection begins when the crop is seeded and lasts until it is harvested. After the crop is planted, the producer is required to file a seeded acreage report, outlining the acreage he has actually planted to the insured crop. This report becomes the basis of determining his total insurance coverage and premium. Application for crop insurance may be made by any farmer—tenant, landlord, or owner-operator—through the County Agricultural Conservation office, or through a crop insurance agent authorized by the county office. The farmer must file his application before he seeds his crop and before the calendar closing date for writing insurance in his county. In 1946, wheat farmers were offered a three-year contract. Cotton insurance was on a continuous contract basis, and flax on an annual contract basis. During the crop year, 136,248 farms were covered by cotton insurance—384,408 farms by wheat insurance—and 14,003 farms by flax insurance. Under the experimental programs, 8,593 farms in 19 counties were covered by corn insurance and 14,170 farms in a like number of counties were covered by tobacco insurance. Computed on the basis of commodity prices for June 30, 1946, the Corporation had insurance in force on 1946 crops valued at a total of about $280,000,000. Present estimates indicate an increase of about 65 percent in the number of farms covered by Federal Crop Insurance in 1947 over 1946.

Under the experimental programs, the Corporation was authorized to offer two kinds of insurance: One, insurance against loss of investment, with the amount of such insurance not to exceed 75 percent of the farmer's investment in his crop; the other, as in regular insurable crops, an insurance against loss of yield, with the amount limited to 75 percent of the average yield for the farm. In 1946 and '47 it was decided not to add other crops to the experimental program because the entire program of all-risk insurance on crops was still a fairly new idea. We believed it would be sounder business to strengthen the basis of our operations before we spread our activities over too wide an area.

Trial Insurance

The purpose of the trial insurance, as stated in the legislation, is to determine the most practical plan, terms, and conditions of insurance on the trial commodities. During the two years the Corporation has offered insurance on an experimental basis, I believe the advantage of such a plan has been very definitely proved. We have been able to obtain information that could not possibly have been provided through research and study alone. By going out into the field of action on a limited basis, we have been able to get more experience much more rapidly, and at very little cost to the Government. We have been able to test the practicability of different plans of insurance and correct mistakes as we go. Through trial programs, we have been able to measure the demand of the farmers who produce the crops, and more readily adjust the kind of insurance we offer to the actual need of the producer. Certain principles necessarily run through the programs for all crops, but each commodity has its own variations in production problems, and so there is a need for variations in the insurance offered on each crop. These differences can be better spotted and programs devised to meet them through experiment on the farm.

At the end of the three-year experimental period, Congress will review the experience gained through the trial program and make one of three decisions: The program will be expanded to Nation-wide coverage; the trial period will be extended beyond the three-year limit; or the program will be discontinued entirely. At the end of this year's program, Congress will evaluate the insurance experience we have gained on corn and tobacco. When decisions have been reached concerning these two crops, we will be ready to add other commodities to the trial program, and from time to time, still others can and will be included.

Today you are most interested in the possibility of an insurance program for canning crops, and it is through experimental insurance that such a program could be inaugurated. The selection of crops to be insured depends upon several factors. In the first place, we hope to develop programs to fit the needs of the farmer. Congress and the Crop Insurance Corporation therefore will attempt to offer insurance on commodities when producers express a desire for that protection. But necessary data must be available before the insurance program can be developed. For instance, because our regular programs insure production based on yield, it would be necessary to have accurate information on average yields of individual farms and counties. In developing an insurance program for canning crops, we would have to check the figures available through contractual agreements with canneries, through county committee offices, and BAE data to discover the accuracy of such material for use as an actuarial basis. We have also made experiments on the feasibility of insuring quality as well as yield in our tobacco program. That also might be an important factor in the insurance for such crops as peas and lima beans. Protection against yield alone may be adequate in some canning crops, but quality protection is needed in other crops if the farmer is to have adequate protection. Then, too, there is the problem of devising a program for perishable crops. The Corporation has never attempted to meet that factor in an insurance program. Such problems as these must be met in developing a program for every commodity, and for that reason the Corporation has adopted the policy of advancing carefully into new fields. But we do plan to advance until adequate protection is provided for agricultural income, through crop insurance.

Many problems and obstacles have been encountered in developing and administering the crop insurance program in its relatively short span of life. Some of them have been solved and some of them are still with us. The Federal Crop Insurance Corporation does not claim to have found all the answers we need in order to operate a successful program. We are still in the experimental stage and expect to be for quite a few years. But we do believe that every effort must be put forth to find the necessary answers. The need for this type of protection for the farmers who produce the food and fiber of our country is so apparent that we cannot afford to be discouraged by a few obstacles. Each time one of our problems is solved, we are taking another step in the right direction. We have already made enough progress to prove that a successful crop insurance program is possible. Any one of us who has seen a farmer lose his farm, his home, and all his savings through no fault of his own, knows why we must find the right answers. Any one of us who has seen whole agricultural communities sink from prosperity to bankruptcy and become dependent upon relief and charity through unavoidable crop failures, knows why our Nation must find the way to offer protection against the hazards of farming. The agricultural economy of this country can never become really stable as long as food and fiber production must be carried on unprotected from these hazards.

RATE OF SOWING TREATED PEA SEED

By Charles B. Sayre, of the N. Y. Experiment Station

The cost of seed is one of the largest single items of expense in growing peas. Therefore if the rate of seeding can be reduced it may be an important factor in reducing the cost of production. With this in mind I should like to present for your consideration 3 main points which will be stated briefly and then expanded in detail, namely:

1. More plants can be obtained per bushel of seed if it is treated with Spergon as a seed protectant.

2. After a certain density of plants per acre is obtained, further increases in the number of plants will not increase the yield per acre because of diminishing returns per plant.

3. In recent tests 3 bushels of Spergon-treated seed per acre gave larger net returns than 4 and 5 bushels of treated seed.

Now for the details:

Since Spergon was first announced to the canning industry in January, 1940, it has given striking increases in stands and yields of all varieties of peas in all the principal pea growing areas. The advantages of using Spergon-treated seed have been so plainly evident in field tests that the adoption of this seed treatment as a standard commercial practice has been exceedingly rapid and widespread. As a result in 1946 nearly all of the commercial canners and freezers of peas in New York State had all of their pea seed treated with Spergon before the seed was delivered to the growers.

Although many conclusive tests of the value of treating pea seed with Spergon have been reported from all of the principal pea growing regions the most comprehensive test that establishes the value of Spergon treatment beyond all question of a doubt was a series of 53 cooperative tests in 1944 made by plant pathologists in 26 States and one Province in Canada. In this huge experiment, under the leadership of Dr. Schroeder of Geneva,

the same lot of treated Thomas Laxton pea seed was distributed to all the cooperators and planted by them under a great variety of soil and weather conditions. The experiment was planted uniformly at all locations and uniform records were taken. Spergon at the rate of 2 ounces per bushel of seed gave the best results of the 5 treatments and untreated check in each comparison. In these combined tests the average emergence of the untreated seed was 62.91 percent while the Spergon-treated seed gave an average emergence of 83.15 percent. This shows that on the average one-third more plants were obtained from the Spergon-treated seed than from the untreated seed. Counts were also made of the percentages of strong vigorous plants, which are the plants that are most productive. Of the plants from the untreated seed 61.95 percent were strong plants and from the Spergon-treated seed 81.43 percent were strong plants. These figures prove beyond all question that more good plants will be obtained per bushel of pea seed if the seed is correctly treated with Spergon. That being the case it seems logical that less Spergon-treated seed need be planted to obtain equal stands. If the former recommendations of 4 to 5 bushels of seed per acre which were based on experiments using untreated seed gave optimum returns then it seems logical that 3 to 3½ bushels of Spergon-treated seed would give similar results. An experiment conducted in 1946, the results of which are given in Table 1 (shown below), supports this view.

TABLE 1—EFFECT OF RATE OF SEEDING SPERGON-TREATED PEAS ON THE STAND, NUMBER OF PODS PER VINE, AND YIELD PER ACRE, 1946

	Surprise*			Perfection*		
Rate of seeding in bu. per acre	3	4	5	3	4	5
Number of viable seeds per 10 ft. of row*	59	79	98	46	61	76
Number of plants per 10 ft. or row (actual stand)	52	63	86	37	49	55
Number of pods per plant	4.1	3.7	2.8	5.5	4.9	4.2
Yield of shelled peas, lbs. per acre	4,135	4,190	4,300	5,160	5,340	4,670
Tenderometer reading	120	117	116	124	129	121

* The Surprise variety averaged 2,677 seeds per pound with a viability of 98 percent; the Perfection variety, 2,127 seeds per pound with a viability of 95 percent.

It has been thoroughly proved by a number of pathologists that the increased stands and yields of peas resulting from the Spergon treatment are due to protection given the seed against decay organisms in the soil. Furthermore, results have been reported from Virginia, Minnesota and New York showing that the Spergon seed treatment also reduces fertilizer injury. For example, G. K. Parris at the Virginia Truck Experiment Station reported a test of Thomas Laxton peas in which Spergon-treated and untreated seed were sown where 800 lbs. of 6-8-7 fertilizer had been mixed in the row and where it had been well distributed before planting the peas. The results were as follows:

Seed treatment	Fertilizer in row	Percent emergence	Percent strong plants
Spergon treated	No	95.8	93.8
Spergon treated	Yes	94.2	87.6
Untreated seed	No	81.2	71.6
Untreated seed	Yes	47.6	30.0

This clearly shows that the Spergon had a marked effect in protecting the pea seed from fertilizer injury.

Since an increased number of plants can be expected per bushel of Spergon-treated seed then the question arises as to whether additional plants per acre are desirable or if larger net returns would be obtained from reduced rates of seeding. There is a lack of sufficient precise information regarding the optimum number of plants per acre that will give the largest net returns. However, there is considerable data available showing that at some point further increases in the number of plants per acre will fail to increase the yield and may even decrease the yield per acre because of increased competition between plants for the available supply of soil nutrients and water. This results in fewer pods per vine and less fruitfulness as shown in Table 1, which shows that as the rate of seeding increased, there was an offsetting progressive decrease in the number of pods per plant so that the yield per acre was practically constant with the Surprise variety and with Perfection the heaviest rate of seeding produced the lowest yield. The average number of pods per vine from 600 plants taken systematically across the field at each rate of seeding showed that the Surprise variety averaged 4.1 pods per plant when sown at the rate of 3 bushels of seed per acre, which produced 4,135 pounds of viner-shelled peas per acre. At the 4-bushel rate of seeding there was a slight reduction to 3.7 pods per vine and a slight increase in yield due to the greater number of plants. At 5 bushels of seed per acre there was a rather sharp reduction in the number of pods per plant to 2.8 or only about four-fifths as many pods as at 4 bushels and two-thirds as many pods per plant as were produced from the 3 bushel rate of seeding. However, the greater number of plants slightly increased the yield per acre. The differences in yield between the three rates of seeding are not significant. Consequently, the lowest rate of seeding (3 bushels per acre) gave the most profitable returns in these tests.

Similar results were obtained with the Perfection variety. This variety produced more pods and peas per plant than the Surprise variety at each rate of seeding. At 3 bushels of seed per acre the Perfection variety averaged 5.5 filled pods per vine and produced 5,160 pounds of viner-shelled peas per acre. At 4 bushels of seed per acre there were only seven-eighths as many or 4.9 pods per vine, but the larger number of plants produced a very slight increase in yield that was not statistically significant. At 5 bushels of seed per acre there were only six-sevenths as many, or 4.2 pods per vine, as at the 4-bushel rate and evidently considerably fewer peas per pod because even with the increased number of plants per acre the yield of shelled peas was less; but again, the difference in yields were not statistically significant. Consequently, the Perfection variety also gave the largest net return from the lowest rate of seeding, 3 bushels of seed per acre, and there was a substantial reduction in returns where the rate of seeding was increased to 5 bushels per acre.

The increasing yields with increasing numbers of plants up to an optimum and a decreasing yield with further increases in the number of plants is also shown in a test reported by R. E. Larson at Rhode Island. Using Thomas Laxton peas in cultivated rows 3 feet apart his comparison of different spacings of plants in the row gave the following results:

(1) Plants 2 inches apart in the row required 0.91 bu. seed and yielded 173 bu. of peas.

(2) Plants 1 inch apart in the row required 1.81 bu. seed and yielded 219 bu. of peas.

(3) Plants ½ inch apart in the row required 3.62 bu. seed and yielded 214 bu. of peas.

Sharvelle in Minnesota reporting on 7 field experiments in which the rates of seeding ranged from 4 to 4½ bushels of seed per acre stated that "Seed treatment with Spergon resulted in an average increase in stand of plants amounting to 23 percent." Increases in yields in these fields averaged 18 percent suggesting that the stands had been increased to the point of diminishing returns. It is interesting to speculate on what the yields would have been if a smaller quantity of treated seed had been used so that the number of plants per acre had remained equal.

Drs. Davis and Schroeder of the New York Experiment Station in a detailed study in 1945 of the various factors affecting yields of peas obtained exact data on all factors in 71 commercial fields. When they summarized these data they found a lack of relationship between stand and yield or between rate of seeding and yield. This may have been due to diminishing returns per plant with

increasing stands. They concluded that the data offered several implications as to the validity of prevailing rates of seeding recommendations. They suggested that the rates of seeding should not be considered in terms of pounds or bushels of seed per acre but should be governed by the number of seeds per pound and the viability of the seed and the varietal characteristics such as whether the vine is large and branching or short or single stemmed.

Varieties differ widely in regard to the number of seeds per pound. For example, the Surprise variety reported in Table 1 averaged 2677 seeds per pound, while the Perfection variety averaged only 2127 seeds per pound. Consequently at equal rates of seeding there were approximately only three-fourths as many Perfection plants as Surprise plants. Furthermore some varieties produce large vigorous vines with several strong branches. Such varieties require more space per plant and should be seeded at a lower rate than single stemmed short-vined varieties. Some varieties having large seed and short vines should be seeded at a much heavier rate than tall varieties having seed of equal size.

There is a need for more precise information regarding optimum seeding rates of peas. No doubt the exact amount will vary with different varieties, and with variations in soil fertility and rainfall, but a large number of tests would give a close approximation of the best rate of seeding each variety. It is plainly evident that less seed will be needed if the seed is properly treated with a good seed protectant such as Spergon. It is hoped that new tests on rates of sowing treated pea seed will be inaugurated.

Table 2 gives the yield records of a number of canning and freezing varieties which were grown in 1942 using only 2½ and 3½ bushels of Spergon-treated seed on a fertilized river-bottom soil and using 4 and 5 bushels of the same lots of seed on a fertilized upland soil. Although this was not intended to be and should not be considered as a comparison of rates of seeding peas it is interesting to note that the larger yields and net returns of all varieties were obtained in the field where the lower rates of seeding were used. This table is presented merely to show that with many canning and freezing varieties of peas excellent yields can be obtained from 2½ to 3½ bushels of Spergon-treated seed per acre when grown on fertilized land of high fertility level.

TABLE 2—YIELDS OF SOME CANNING AND FREEZING PEAS AT 2 RATES OF SOWING SPERGON-TREATED SEED ON DIFFERENT SOILS, 1942

Variety	Days to harvest*	Plant height in.	Pod length in.	Av. No. peas per pod	Yield in tons per acre with corresponding tenderometer readings: Mt. Morris (River bottom soil) Rate of seeding bu./acre	Yield	Tenderometer	West Kendall (Upland soil) Rate of seeding bu./acre	Yield	Tenderometer
Canning Varieties										
Alaska	57	36	2.6	5	2½	1.16	105	4	....	...
Greenland	59	37	3.4	7–8	2½	1.19	100	4	1.00	82
Surprise	59	37	2.5	5	2½	1.32	92	4	1.22	91
Early Harvest	61	39	2.8	6	2½	1.31	102	4	1.46	94
Ace	61	45	2.7	6–7	2½	1.34	87	4	1.48	92
Pride	68	30	3.0	6	3½	2.41	111	5	1.55	107
Canner King	60	34	3.1	6	3½	2.48	98	5	1.62	107
Ranger	72	37	3.1	4–5	3½	1.92	97	5	1.25	96
Perfection	73	32	2.8	5–6	3½	2.26	106	5	1.46	98
Atlas	74	40	3.1	3–4	3½	1.60	99	5	1.27	94
Freezing Varieties										
Thomas Laxton	61	43	3.1	5	3½	1.47	82	5	1.21	85
Improved Gradus	64	47	3.3	5–6	3½	2.08	99	5	1.55	102
Shasta	66	31	3.3	5–6	3½	1.87	103	5	1.22	91
Miracle	68	48	3.8	6	3½	1.75	92	5	1.33	92
Alderman	71	66	4.1	5	3½	1.33	81	5	1.01	86

* Planted April 27, 1942.

We do not have sufficient data to determine conclusively the optimum rate of sowing Spergon-treated pea seed, but the fragmentary evidence thus far accumulated strongly suggests that about 3 bushels of Spergon-treated seed per acre is likely to give larger net returns than heavier rates of seeding, and that this appears to be one method of reducing the cost of production. It seems unlikely that any one rate of seeding will prove best for all varieties and all soils. The small seeded varieties will produce many more plants per pound of seed, and the tall vined varieties require more space per plant and therefore less seed for optimum yields. These factors should be taken into consideration in adjusting the rates of seeding.

NEW SMALL FRUITS FOR PROCESSING

By C. D. Schwartze, Associate Horticulturist, Washington Experiment Station

This paper deals with certain problems in the production of berry crops in the Pacific Northwest and efforts that are being made to solve them by breeding new varieties.

There is a long, narrow region running north and south across the States of Washington and Oregon, west of the Cascade Mountains and inland some 40 or 50 miles from the Pacific coast in which mild winters, cool summers and favorable soils have made possible the extensive production of blackberries, dewberries, raspberries and strawberries. Blueberries also seem destined to become an important crop in this region, especially in the northern portion around Puget Sound.

In 1909, this region in Washington and Oregon canned only 2 percent of the strawberries, 8 percent of the raspberries and 11 percent of the blackberries that were packed in the United States.

In 1933 the same region produced 75 percent of all the berries canned and 84 percent of all the berries preserved by freezing in the United States. Since 1933, berry processing, especially freezing, has increased in other areas. During the war, the acreage of strawberries decreased sharply and has not yet recovered. Acreages of other berries remained fairly stationary. In 1945 the two States canned 3,000 tons of berries of all kinds or 50 percent of the national canned pack and froze 28,000 tons or 57 percent of the national frozen berry pack. In addition, they produced 18,000 tons of berries for fresh consumption and other uses. Acreage figures for 1945 are not available. The 1943 figures showed 28,950 acres of all berry crops in the two States.

The past and present success of the small fruits enterprise in the Pacific Northwest has been realized only because climatic conditions have made it possible to obtain relatively high yields of such superior processing varieties as the Evergreen and Himalaya blackberries, the Logan, Young and Boysen berries, the Cuthbert red raspberry and the Marshall strawberry. Growers and processors alike, realizing their dependence upon the good yields and superior quality of these varieties in the past, view the introduction of new varieties with considerable mis-

giving and accept only those that, after prolonged trial, prove to be equal or superior to the varieties previously grown in that region.

Berry Crops

As with all other horticultural crops in all other areas, the berry crops of the Pacific Northwest inevitably have been beset by plant diseases and other troubles. With some of these problems the only satisfactory solution seems to be the breeding of disease-resistant new varieties. This has been true of the red raspberry in Washington and Oregon and it is also true of the strawberry in Washington, Oregon and California. It has not yet been necessary to develop disease-resistant blackberries but blackberry breeding is in progress in the Pacific Northwest for other reasons. A brief review of some recent progress in breeding new red raspberries will illustrate the types of problems that are being solved by this means.

Red raspberries were grown in Washington and Oregon to the extent of 9,500 acres in the peak year, which was 1929. The most important single center of production is the Puyallup Valley which lies eastward from the city of Tacoma, Washington. This valley alone accounts for 60 percent of the red raspberry acreage in Washington. Its well-drained sand soils and the climatic influence of near-by Puget Sound provide almost ideal growing conditions for red raspberry culture. The canes grow very tall, often reaching 12 feet, and, although the plants are pruned back to a height of only 4½ feet, very high yields are obtained from good fields.

In 1935, western Washington had 3,400 acres of the Cuthbert variety and only 500 acres of all others. Two problems had developed to the point where they were reducing yields and forcing growers to replace some plantings with more profitable crops. These problems were a peculiar susceptibility to winter killing of buds of the Cuthbert variety, and rapid infection of some fields by the mosaic disease, caused by a virus. Of the two, the winter-killing problem was more wide-spread, being most severe northward to the Canadian border and diminishing southward into Oregon. The effect on the plants was the death of over-wintering buds and a corresponding reduction in yield. Severe injury sometimes occurred in winters in which the lowest temperature recorded was above 20°F. It was sometimes less severe during colder winters.

Dr. J. R. Magness, then head of the Division of Horticulture, State College of Washington, concluded, after careful study, that the introduction of a more hardy variety with quality equal to that of Cuthbert would be the best solution to the problem.

In 1928 raspberry breeding was started at the Western Washington Experiment Station, Puyallup, by Mr. M. B. Hardy,[1] then a graduate student. Variety testing was started and Cuthbert was hybridized with more hardy varieties including Marlboro, Antwerp, and King, Latham and Lloyd George. The writer became associated with the work in 1932 and continued with field and laboratory experiments.

Investigation showed that over-wintering buds on Cuthbert canes in the Puyallup Valley did not go into a full resting condition before winter as they do in colder climates. The semi-dormant buds were capable of active growth during spells of mild weather in late fall and winter months. Even the least initiation of such growth would be followed by severe injury if temperatures dropped a few degrees below the freezing point. Even when no visible growth developed, the buds might be injured.

It was found that only Cuthbert and one other variety, California Surprise, were subject to this type of winter injury. When Cuthbert was crossed with any hardier variety, all of the resulting seedlings remained dormant over winter and escaped injury.

Hybrids for Propagation

From crosses made by Mr. Hardy in 1930 and 1931, several hybrids were selected as worthy of propagating for further testing. By 1935, sufficient fruit was produced to permit processing studies. At this point we were fortunate in obtaining the assistance of the former U. S. Frozen Pack Laboratory of Seattle, under the supervision of Mr. H. C. Diehl, who cooperated in the testing of the hybrids to determine their adaptability to quick freezing. With the cooperation of commercial processors, canning tests also were made. In all, 56 hybrids were tested from 1935 to 1937. In both processes, certain hybrids from the cross Lloyd George x Cuthbert were judged equal or superior to Cuthbert over the three-year period. In the meantime, observations of cane vigor, length of fruiting laterals and number of berries per lateral had indicated that several of the hybrids would prove as productive as Cuthbert on the same soils. By this process it was possible to select one productive hybrid with suitable quality for canning and freezing and an earlier ripening one adapted to freezing and fresh market purposes. These two hybrids were named Washington and Tahoma.

These new varieties soon began to replace Cuthbert and Marlboro throughout western Washington. Other plantings have been made in Oregon and British Columbia. Washington has been planted to the extent of approximately 2,000 acres and Tahoma on approximately 500 acres in that area. Both varieties have proven to be more productive than Cuthbert under comparable conditions. Yields exceeding 9 tons per acre have been reported. These two varieties seem to be best adapted to the north Pacific coast, as reports indicate that they are subject to various ills and are less productive elsewhere.

When the red raspberry mosaic disease became established in the Puyallup Valley, it proved to be a serious menace, reducing yields by as much as 50 percent in badly infected fields. In western Washington this disease is spread from infected to healthy plants by only one insect, a large green aphid, *Amphorophora rubi* Kalt.

This insect rarely occurs in large numbers but occasionally, in favorable weather, may multiply very rapidly until the colonies bend down the young raspberry canes with their weight. Such conditions occurred in June, 1935. Upon observations of several named varieties in trial plots, it was found that Lloyd George alone was free of aphids. This led to a cooperative investigation under the leadership of Dr. G. A. Huber, then plant pathologist of the Western Washington Experiment Station. It was found that the aphid would not feed on the Lloyd George variety, and therefore, the variety would not become infected with the mosaic disease. This ability to escape infection was transmitted by the Lloyd George variety to many of its seedlings.

Under greenhouse conditions, the aphid may multiply upon many varieties and hybrids on which it does not develop in the field. This proved to be true with the Washington and Tahoma varieties. Under field conditions both varieties have remained free of mosaic even when planted adjacent to infected Cuthberts. This has made it possible for the Washington State Department of Agriculture to remove quarantine restrictions on the sale of Washington and Tahoma plants so far as the mosaic disease is concerned.

Red Raspberry Breeding

In Oregon, red raspberry breeding has been in progress for several years as a part of an extensive berry breeding program carried on cooperatively by the U. S. Bureau of Plant Industry, Soils and Agricultural Engineering and Oregon State College. Mr. G. F. Waldo, in charge of this program, recently introduced a hybrid named Willamette that is said to be well adapted to processing. The berries are larger than those of the Washington variety. Willamette looks promising in our trial grounds near Vancouver, Washington. It is being tested extensively in southern Oregon.

The strawberry is the most important small fruit on the Pacific coast. The largest acreage was reported in

[1] Now Assistant Pomologist, U. S. Pecan Laboratory, Albany, Georgia.

1928 when, according to census figures, Oregon and Washington had 22,000 acres. The acreage in 1945 was about 15,000. As with the red raspberry, the success of the strawberry enterprise has been built upon the excellent quality of one variety, in this case, the Marshall. The adaptability of Marshall to the manufacture of high grade preserves created a major market for Pacific Northwest strawberries, especially after it was discovered, about 1908, that strawberries frozen in barrels could be shipped successfully to preservers on the Atlantic coast. This market still takes a large part of the Pacific Northwest strawberry crop. Since the more recent development of quick freezing, however, an increasing portion of the crop has been used for this purpose, especially for the sliced dessert pack. Marshall is one of the best of all strawberry varieties for small package freezing because of its rich, tart flavor, good texture and excellent color.

Unfortunately, troubles have been multiplying for the Marshall strawberry in all three of the Pacific coast States. Chief trouble maker is the virus disease called Yellows, which spreads rapidly in Marshall plantings, devitalizing the plants and reducing yields seriously. Other viruses also are present especially a less serious one called Crinkle. The only effective control for the viruses has been the isolation of fields in which planting stocks are propagated and a system of inspection and certification of such stocks. This program has broken down to some extent, in recent years.

Another serious strawberry problem is the Red Stele root rot. This fungus disease is associated with soil moisture, being especially severe in soils that are wet and cold through the spring months. It has become a serious problem on some of the heavier soil types that are used extensively for strawberries in both Oregon and Washington.

In all three Pacific coast States, strawberry breeding is in progress. It has been learned that some strawberry varieties are less seriously affected by the more common viruses than are others. Marshall is one of the most susceptible. In all three States the major objective of the strawberry breeders is the development of new varieties that will be less susceptible to diseases than Marshall and equal to that variety in quality.

Thomas and Goldsmith of the California Experiment Station have introduced five new varieties—Shasta, Sierra, Lassen, Tahoe and Donner. They have stated that these varieties are recommended for trial as fresh market varieties. They have not recommended them for processing.

Strawberry breeders in Oregon introduced the Corvallis variety a good many years ago and it has been grown considerably for freezing and canning. It has not proven to be widely adapted to different soil and climatic conditions, but has been a valuable variety for the Willamette Valley.

Recently the Oregon-U.S.D.A. workers introduced another variety, the Brightmore. This berry shows considerable resistance to the yellows disease, is productive and makes a beautiful preserve, but it is somewhat lacking in the rich aromatic flavor that is desired for both preserving and quick freezing. Brightmore is being planted to a small extent in Washington in areas in which the yellows disease is prevalent.

In the breeding plots at Corvallis, Oregon, Mr. G. F. Waldo is making excellent progress in developing new strawberries that will resist the red stele root-rot. Several of his hybrids show no effects of the disease on infected soils where susceptible varieties are weak and unproductive. He has the valuable cooperation of the Food Industries Division of Oregon State College, under Professor E. H. Weigand, in testing his new berries for preserve manufacture, freezing and canning. Both Mr. Waldo and Prof. Weigand are keenly aware of the importance of both quality and yield to Pacific Northwest growers and packers. Additional valuable results are expected from their plant breeding research.

Strawberry Breeding Work

The chief objective of the strawberry breeding work in Washington is the development of a yellows-resistant variety similar to Marshall in quality. The work has been handicapped by a lack of land, but within the last three years some good hybrids have been produced. Most of these are seedlings of the Brightmore variety and show strong resistance to the yellows disease. The best of these hybrids are being tested on several soil types. At least two or three years more of testing will be necessary before any decision can be made as to their value.

The so-called Evergreen blackberry is one of the important small fruits, especially so in the Puyallup Valley where yields of seven to ten tons per acre are commonly obtained. The principal objection to it has come from the pickers who have complained about its vicious thorns. Several years ago, Mr. Phil Steffes of Sublimity, Oregon, discovered and propagated a thornless sport of the Evergreen blackberry that is as good in every respect as the thorny one. Puyallup Valley growers are rapidly changing over to the thornless type.

The Logan and Young berry also are being improved, like the Evergreen blackberry, by the substitution of thornless types for the original thorny ones. Thornless Boysen berries also are available but in this case the thorny type is more productive, according to the writer's observations.

As with the raspberries and strawberries, Mr. G. F. Waldo, in Oregon, is doing some excellent work in breeding blackberries. His principal interest in this case is centered in a small trailing blackberry that grows wild on the Pacific coast. This native berry, *Rubus macropetalus*, has a rich, aromatic flavor that is acclaimed by all who taste it as the best flavor to be found in all small fruits. Mr. Waldo is diligently engaged in combining this exceptional flavor in a berry of commercial size and productiveness. In 1942 he introduced two hybrid blackberries, the Cascade and Pacific, which he had produced by hybridizing the wild blackberry with the Logan. These hybrids have berries almost as large as the Logan, with much smaller seeds and a rich acid flavor. They are excellent for preserves and for pies and many people have planted them in home gardens, but, unfortunately, they are a little soft when it comes to commercial handling. Mr. Waldo has continued his hybridizing efforts, however, and produced a remarkable collection of very highly flavored new berries, among them at least one that shows good possibilities for commercial freezing, canning and other uses.

It is impossible to leave this subject without a word about the cultivated blueberry. This newest of commercial small fruits holds excellent possibilities for processing. Varieties developed originally by Dr. F. V. Coville of the U. S. Department of Agriculture and others introduced more recently by Dr. George M. Darrow of the U. S. D. A. and Dr. J. Harold Clarke of the New Jersey Agricultural Experiment Station are being grown successfully near Puget Sound in western Washington and there are a few plantings in Oregon and California. Yields as high as six and seven tons per acre have been obtained and we predict a bright future for the blueberry in the Pacific Northwest. A portion of the crop was frozen in 1946.

Joseph Eberhardt of Olympia, Washington, our pioneer blueberry grower and hybridizer in the Pacific Northwest, has developed three new varieties that look promising. These have been named Olympia, Pacific and Washington.

In closing, I wish to re-emphasize one point: No one should fear that the development of new varieties of small fruits will bring lower quality products into the market from the Pacific coast. Pacific coast growers and packers know how important quality has been in making possible their past success and the plant breeders are intent upon producing new varieties of higher rather than lower quality.

Fishery Products Conference

INTRODUCING THE MERCHANT MARINE AND FISHERIES COMMITTEE

By Congressman Fred Bradley of Michigan, Chairman of the House Committee

I am highly honored to have your cordial invitation to attend the Fishery Products Conference of the National Canners Association. I have come here with four of my colleagues, primarily, to learn something about your problems so that we can attack them in a more sensible, sound manner as this new Congress and the new committee gets under way.

I am a little nervous at filling the important job as chairman of this great committee of the House, the Merchant Marine and Fisheries Committee, on which I have served for the past seven years, but I believe that I have an exceptionally capable committee.

Of the Republican members, only two beside myself are hold-overs from the old Committee: Mr. Alvin F. Weichel, of Ohio, has served on the Committee the past four years, and Mr. T. Millet Hand of New Jersey has been n for one year.

In addition, Mr. Henry Latham of New York, has served in Congress for one term, having come directly from the Navy and has been assigned to the Committee. During the war Mr. Latham was in command of a vessel in the Panama Canal Zone and so can bring to us first-hand knowledge of many of the problems incident to the Panama Canal.

And then I have 11 freshman Republican members assigned to me, including the four who are here with me today.

The first of the four gentlemen that I would like to introduce is Mr. Maloney from the Fourth District, Pennsylvania.

Introduces Members

Then I have Captain Willis Bradley of Long Beach, California, who has just come out of the Navy after 43 years of service and is one of the few members of Congress to earn the Congressional Medal of Honor. It appears to me that Captain Bradley will not only prove of tremendous value to the Committee because of his years of experience at sea but also because of his extensive knowledge of maritime affairs all over the world. Also, he will bring to the Committee an intimate knowledge of conditions in our territories and in our insular affairs. For instance, at one time he was Governor of the Island of Guam before the war; and during the war was in charge of the construction of many of our naval bases in the Alaskan region. Thus he can bring to us a considerable amount of advice on important matters based entirely on his own personal knowledge.

Next, we have another gentleman from the far West,—Thor Tollefson from the State of Washington. We also have another gentleman from California—John Allen from the Seventh District of that State.

All of these gentlemen are here, the same as I am, to become more familiar with your problems. And I might say, that at our luncheon meeting with your fishery products committee and members of your board of directors some very important and interesting problems were discussed.

On the minority side of the aisle, we have a more experienced setup. We have Judge Bland who has been on the Committee for many, many years and has served as chairman for the past 16. He is supported by Henry Jackson of Washington, Herb Bonner of North Carolina, Jimmy Domengeaux of Louisiana, Ed Hart of New Jersey, Cecil King of California, who served on the Committee up to two years ago, and besides he has three new members on the Committee, all of whom, however, had served in Congress for a number of terms. There is only one freshman member on the minority side of the Committee, whereas I have 11 on our side of the aisle.

I want to explain to you that in approaching our duties this year, it is our intention to, in effect, go to school for a couple of weeks. We are going to divide up our work—our Committee responsibilities into eight subcommittees. I have asked all of the members to indicate to me their preference as to the subcommittee on which each wishes to serve. I expect to announce the membership of the subcommittees within the next week.

Each of the subcommittees will be empowered to hold its own public or private hearings and then report to the full committee every two weeks.

The subcommittee of the Merchant Marine and Fisheries Committee in which you will be most interested will be the subcommittee thus far designated as Subcommittee No. 3, having jurisdiction over our salt water fisheries and shellfish industry. I expect to have assigned to this committee a number of men from the East and West Coasts and from the Coast of the Gulf of Mexico, all of whom are interested in our salt water fisheries, so that committee should be an excellent one. This committee, of course, will take care of your Alaska fisheries. It will deal also, of course, with the international problems which we discussed at noon.

No. 1 subcommittee will have to do with domestic merchant marine problems, including, for instance, ship construction and operation, ship design and materials, production and profit in shipbuilding plants and maritime labor problems.

Subcommittee No. 2 will deal with international maritime affairs, including navigation laws on the high seas and especially the possible future, but presently prohibited, participation of our Merchant Marine in overseas aviation. Incidentally, we are fortunate in having among our new members a gentlemen who served five years in the Navy during the war as a Naval aviator. He is Horace Seeley-Brown of New London, Connecticut, where the Coast Guard Academy is located, and whom I have, therefore, naturally requested the Speaker to name as a member of the Academy's Board of Visitors for this year.

Fresh Water Fisheries

I think it is wise for me to skip just a little bit right here because our No. 6 subcommittee will have jurisdiction over our inland waterways and fresh water fisheries. Fortunately, we have several members on the Committee from the Great Lakes States and I think they will be particularly interested in, and be able to give special personal attention to, matters affecting the Great Lakes navigation problems and our Great Lakes fisheries while at the same time being equally interested in legislation affecting our considerable commerce on the rivers which are tributaries to the Great Lakes, as for instance the Ohio and Mississippi.

As I have previously mentioned, we have jurisdiction over the Panama Canal and so we will have one separate subcommittee for this purpose. We also have jurisdiction over the operations of the Coast Guard, the Coast and Geodetic Survey and the Public Health, insofar as it affects Marine Hospitals; so we propose to have a separate subcommittee for that.

There will be two additional subcommittees, both of which will handle important problems affecting merchant marine and conservation.

That briefly, gentlemen, is the setup on the Merchant Marine and Fisheries Committee as we go into this new Congress. We think that having eight instead of the 16 subcommittees which existed previously will expedite and simplify our duties somewhat, and at the same time, will permit us all to become very much more expert in the problems confronting us.

WANTED—ONE BILLION POUNDS OF SEAFOOD

By Milton C. James, Assistant Director, Fish and Wildlife Service

Very few people know that an action of the National Canners Association in 1920 was largely responsible for a citizen by the name of James becoming Assistant Director of the Fish and Wildlife Service and later enjoying the privilege of appearing as a speaker on this afternoon's program.

'Way back a quarter of a century ago the Alaska salmon packers instituted a system of voluntary plant inspection under the supervision of Dr. E. D. Clark. Dr. Clark recruited some of his inspectors from among the students of the University of Washington, and among the recruits was your speaker. I doubt if this relationship had any revolutionary effect upon the Association's program or upon cannery procedure in Alaska, but it was of outstanding importance to me. The very adequate pay, considering the services rendered, enabled me to continue eating and to carry on various other activities which I considered equally vital at the time. Conceivably without this transaction my career would have been diverted to other channels and some other Assistant Director would be addressing you today. However, I doubt if this action by the Association will be held against the present-day leadership, and in any case the statute of limitations has relieved anyone of legal responsibility for what was, at worst, a mistake.

I selected the title "Wanted—One Billion Pounds of Seafood" on the advice of a public relations man who claimed that you have to lead off with something flashy. What this really means, as far as my remarks are concerned, is the raw material which the packers of seafood will require to produce 600 to 700 million pounds of canned fish and shellfish in 1947. I don't claim to know what the actual production will be, but certainly everyone is entitled to hope for a pack of this order of magnitude.

Fish and Wildlife Service

The Fish and Wildlife Service has responsibilities to the people who put fish and shellfish into cans. The exact nature of these responsibilities is a bit vague and uncertain even to those of us who are supposed to write the ticket. We certainly know what our obligations to the operators in Alaska are. In their simplest form these duties are to so administer the fisheries there as to assure the continuing soundness of the stocks of fish and shellfish, and at the same time permit and promote as large a pack as possible within this ceiling. The ceiling, I may add, is variable and flexible in direct contrast to certain other ceilings of recent and unlamented memory. In other fisheries our job is to do what we can to assure an adequate supply of raw material for your plants, leaving to you the job of harvesting and processing that raw material in the traditional American way. This must be done without impairing the breeding stocks, a proposition which everyone in the industry accepts. Our approach to this responsibility must be largely indirect because the forces of nature, and of some 20 State fisheries administrative agencies, exert the major direct influence.

There is a reasonably adequate statistical coverage of this raw material, once it is landed on your docks and the program of the Fish and Wildlife Service contemplates a continuing effort to improve this service largely through coordination and cooperation with the interested State agencies. It is a rather pitiful confession to admit that never in recent years has the United States fishing industry had the benefit of a complete Nation-wide statistical canvass for a single year. There have always been some gaps in the coverage which have had to be filled by estimates. The reason? Simply that we do not have enough manpower to cover all three coasts, Alaska, the Great Lakes, and interior waters in a single year. Here, as in other activities, we have to be guided by unofficial priorities and do first things first. Even more sketchy is the fundamental information concerning the available and potentially available supplies of fish and shellfish in the waters and on the bars and beaches. These supplies are your raw material stockpile and, unlike any other food industry with which I am familiar, you have to guess what's in the stockpile. Other canners can observe their raw material growing and grazing, but yours is completely beyond your control in most cases.

Scientific research would give a much better understanding of what to expect and remove some of the gambling aspects from the fish canning industry. It would be difficult to find a better illustration of this fact than the situation on the West Coast in the last few months when the northern albacore and the northern California pilchards did such a complete fade-out. Considerable research has been done on the pilchards by the State of California and the Fish and Wildlife Service, but not nearly enough. As for the albacore and the other tunas, the field is completely untouched.

To come up with answers regarding the pilchard, it would be necessary to have two deep-legged vessels capable of operating several hundred miles off-shore and adequate funds and staff to man them. The search for the real story of the tunas requires facilities for covering the entire Pacific, clear to the Philippines and to the southward. Years of time would be required to formulate final conclusions but any information of any kind which could be obtained regarding these highseas tramps would be of immediate and direct benefit. Programs for both of these undertakings are in the files of the Fish and Wildlife Service but they will take no concrete form until they can be specifically provided for by appropriation.

The program for the coming year does provide for the operation of a research vessel on the Atlantic Coast. This is a resumption of an enterprise which was laid away in lavender and old lace at the start of the war. When actually under way it will give this country—one of the leaders in world fisheries—one fishery research vessel of rather limited scope. I could name a half-dozen countries at this time who have not one but several such vessels, and their stake in fisheries is minor compared with ours.

Will Continue Studies

The Service will continue its studies of methods for the culture and management of shellfish resources, and will likewise carry on limited investigations of the biology of salmon in Alaska, and will continue to try to cope with the problems presented by the construction of dams in the West Coast salmon rivers. No additional programs in these fields are carried in the 1948 Budget now before Congress. I could spend the rest of the time available to me in outlining other fisheries research problems which could and should be undertaken to the ultimate benefit of you as canners, and of all others who make a living by catching and handling seafoods.

The Service's machinery for direct contact with and aid to the fishing industry, including the canners, has been undergoing some overhauling. The tinkering has involved consolidating twelve divisions into four branches grouped according to their general functions. One of these branches is the Branch of Commercial Fisheries which is made up of the Division of Commercial Fisheries and the Alaska Division. The intent is to place in one pigeon-hole, under the supervision of a branch chief, all of the activities, regulatory, statistical, technological, and advisory, which affect commercial fishing operations, precessing, etc., as distinct from the conservation of the fish stocks themselves. This reorganization is in skeleton form, since it too is contingent upon some added funds to provide the staff needed. The estimate for such funds is in the pending appropriation bill. Colonel R. H. Fiedler is returning to the Service after his duty with the Army and we will be strengthened in our staff work by the varied experience and background which he is bringing. I will take a little time to restate the specific ac-

tivities which fall within the Branch of Commercial Fisheries, indicating in particular those on which emphasis will be placed during the coming year.

The most recent of the current activities is a Fishery Market News Service which you undoubtedly all recognize in the form of the rainbow-hued daily market reports which originate in eight key cities along the coasts. While the coverage of these reports concentrates on fresh and frozen fish, we now cover not only the raw material for your operations as canners, but we also cover current production data for most canned fish, either through the Market News sheets, or through other statistical issues presented at frequent intervals. A constant effort is made to increase the coverage of this type of service and if you have any suggestions along this line we would be glad to have them.

Technological Laboratories

Probably the undertaking of greatest interest is the work in technological fields. At five technological laboratories the Service conducts research designed to improve the efficiency of fishing operations themselves, and to improve the products of the fisheries through application of advanced methods of processing and handling. These laboratories are located in College Park, Maryland, Boston, Massachusetts, Seattle, Washington, Ketchikan, Alaska, and Mayaguez, Puerto Rico. In addition to these fixed laboratories there are three mobile laboratories of the truck-trailer type which were especially constructed early this year for the conduct of on-the-spot research work. Various problems have a habit of presenting themselves at locations far distant from our regular laboratories, and correspondence school methods of studying them are not effective. I believe it is obvious efficiency to take the technicians and their equipment to the seat of the trouble, wherever it may be. One of these laboratories is operated in the Middle Atlantic area, one in New England, and one in the Pacific Coast. Already these units have been put into use, particularly in sanitation studies. Future plans call for a similar mobile laboratory for the Gulf area.

A great deal of technological research now being conducted by the Service has its application to fish canners. Work now under way includes experimental canning of Pacific rockfish and lake herring. We are also working on the development of a canned baby food and a canned sandwich spread based on fishery products. For the past few months intensive study has been given to some of the problems in the packing of Maine sardines and this will be followed up.

While the study is not specifically restricted to the canning field, work in developing the maximum use of waste products is of direct benefit to canners. In the face of a national shortage, prices of fish meals have increased greatly, and demand for oils is likewise high. Demonstrations by this Service, and by other groups, of the feed values in fish press liquors, so-called trast fish, cannery wastes, and other previously discarded materials, have led to their increased utilization in animal feed manufacture. However, similar materials of a protein nature, derived from other sources, have found uses that have raised their prices several times greater than that of fish meal. These other proteins are utilized in the preparation of pharmaceuticals and special foods for medical use, and in plastics, fibers, adhesives, and paints. It should be possible to adapt fish proteins to these uses and thus extend their market value to the fishery industry. A canner who can market his high tonnage of waste in the form of high priced concentrates has an ace in the hole which may come in handy in the event of declining prices for his canned production. The Service will follow through on this program to the fullest extent of its available resources.

I might mention one point of interest to the Alaskan operators. Negotiations are under way between the Department of Commerce and the Alaska Experimental Fisheries Commission whereby the latter official agency may receive a grant of funds to be devoted to investigations on the utilization, along the foregoing lines, of the tremendous amount of castoff material now largely wasted in Alaska. The Fish and Wildlife Service will cooperate actively by furnishing both personnel and equipment and facilities if this proposal becomes a reality.

Publicized Food Value

You doubtless know that we have studied and publicized the food value of all important fishery products in the nutrition of man and animals. The men who are working on these and related problems are chemists, bacteriologists, pharmacologists, technologists, and fishery engineers who are thoroughly familiar with most of the work of a technological research nature which has been carried on and published by other groups in this country, and to some extent in other countries. Their consulting services are available to the canning industry, either on a correspondence or a personal call basis.

You may be aware of the fact that there is an organized program centered in the Department of Agriculture and directed toward aiding the provision of school lunches to children. For the first time—in the summer of 1946—the serving of fish in school lunches was made an item subject to reimbursement from Federal funds. Because of its non-perishable nature school lunch officials have evinced a special interest in obtaining reasonably priced canned fish items, particularly if they can be had in large-size containers.

The Service is just picking up speed on a newly inaugurated educational service which was started last spring. By sponsoring exhibits of fishery products, by the issuance of publications, by conducting fish cookery demonstrations, and by the preparation of educational moving pictures, the welfare of the fishing industry in general is being strengthened. I hope that canners will secure their fair share of whatever benefit may come from this activity.

Continue Economic Studies

During the coming year our limited staff will continue economic studies on the many perplexing problems of the industry. The advent of the war brought to light with the strongest emphasis the fact that there is a great lack of adequate economic data with respect to the fishery industry. Other industries have been much more carefully analyzed and the economic forces which make them tick are more clearly understood. This lack of comparable information on the fisheries and related processing enterprises was a very real handicap in securing proper status for the fishing industry in the complex system of economic controls which came into being at the onset of the war.

A great deal of time has already been spent in assembling and analyzing data on tariffs and international trade. Studies of costs of production, consumption, investment, income, transportation, taxation, prices, labor, and insurance all occupy the attention of our economic staff. These data are used consistently in consulting with the industry and in presenting factual data analyses and recommendations to those agencies of the Federal Government concerned with the fisheries. We will continue this work with the object of extending studies into fields which have hitherto been untouched, and, particularly, we will attempt to keep up with changes in the current situation in an effort to understand and explain why the changes have occurred, and to forecast prospective developments.

I have dwelt at some length on these various programs and projects which are now being prosecuted, and have outlined some af the activities which we would like to undertake. The extent to which new and needed services can be rendered will be contingent upon broader factors than the willingness or the desire of the Fish and Wildlife Service to undertake them.

I do want to mention a policy, or rather a frame of mind which I believe may be of more importance than the actual details of current or pros-

pective activities. This attitude is an extreme desire on the part of the Service officials and staff to maintain close as possible contact with the industry in all of its phases, and to consult freely with it and to listen with open mind to its suggestions, recommendations, and criticisms. The latter may be the most important point. Honest criticism from the industry is one of the most effective means whereby the program of the Service and its performance of that program can be tied to a practical and profitable bent. I only ask that this criticism be based upon full understanding of all the factors which govern us as a bureau of the Executive Branch of the Government. We want the industry to know fully all there is to be known about the Fish and Wildlife Service functions with respect to the commercial fishing industry in all of its ramifications, and if after knowing these facts you have criticism to offer, we are ready to take it and can probably benefit by it.

Director Day is unable to be here because of the press of other duties, but I know that in offering the foregoing comments I am echoing his viewpoint.

Several of our staff members, including Mr. Anderson and Mr. Lemon, are here and if you have any questions, problems, or points of discussion, I hope you will feel free to discuss them with these members of our staff, as well as myself. In all probability if you come to me with any very knotty problems I will automatically refer them to those men who really know the answers, because, after all, that is the way of a bureaucrat.

I appreciate the privilege of appearing before you and hope that I may have the benefit of more frequent face-to-face contact with you individually.

OPERATION FISHERIES IN JAPAN

By Reginald H. Fiedler, Colonel, A.U.S.

"Operation Fisheries" was the name we in the Fisheries Division in Tokyo dubbed it. While this name appears in no official War Department dispatches or communications, nevertheless the need for a trained fisheries staff for the occupation of Japan was realized by that Department in the summer of 1944. At that time the invasion of Europe had been in progress only a few months and the forces of General MacArthur and Admiral Nimitz were still concerned with the Philippines and other Pacific islands. As a result of a call by the War Department, a small group of highly trained fishery specialists volunteered for military government duty aimed at the Far East. In this group, which was augmented by a number of Army and Navy officers already in the military forces, were fishery technologists, economists, biologists and engineers. They were drawn from the Federal and State governments, fish canneries and college faculties. After a course in military tactics and government at the Army School for Military Government at the University of Virginia, a course on Japan and in the Japanese language at one of six universities, and combat training at the Presidio of Monterey, the group was sent overseas to serve in General MacArthur's occupation forces.

The first two of the group arrived in Tokyo by way of the Philippines around the middle of September, 1945. Other members arrived a few weeks later. The main body of the group was integrated into the staff of the Supreme Commander for the Allied Powers and later constituted the nucleus of the Fisheries Division of the Natural Resources Section of that Command. Others were assigned to Korea, where they became a part of the Military Government Organization of the XXIV Corps. Still others were assigned to military government teams which were located in the various prefectures (states) of Japan. As time went on, the staff of the Fisheries Division was augmented by fishery specialists from Australia, Canada, and Siam, as well as by several of the foremost fishery scientists of Japan. At its height the staff numbered only about 25 persons.

The mission of the Fisheries Division in Japan was to recommend measures for the rehabilitation of the Japanese fisheries to produce food and other marine products needed for consumption in Japan, from areas open to Japanese fishermen; and to prepare intelligence studies on fisheries which would be of value in meeting the needs of the occupation forces. The Japanese Bureau of Fisheries and the various prefectural governments continued to administer the fishery industry and private firms and individuals continued to operate it.

Policies for carrying out the mission stemmed from directives of the Joint Chiefs of Staff and the State, War, and Navy Coordinating Committee in Washington, and from plans determined upon by the Supreme Command in Japan. Early in the occupation it was determined that rehabilitation of the fishery industry was an urgent necessity from the humanitarian standpoint and to assist in allaying disease and unrest. Furthermore, rehabilitation of this industry was important to American citizens, for every ton of food produced locally by the Japanese themselves relieved the United States from shipping that amount of food to Japan. And the United States, up to the time I left Japan in mid-October 1946, was the only country shipping food to Japan. It still is.

Upon arrival of the first contingent of officers in Japan, they found the fishery industry in a demoralized condition. The great Japanese fisheries formerly conducted along Asia from the Arctic to the Antarctic were lost to the Japanese and the fisheries around the home islands were virtually at a standstill. Before 1941, Japan's fish catch ranged from four to six million tons annually from home and overseas fisheries. This was roughly one-fifth to one-fourth of all the marine products taken from the waters of the world. It took 1½ million fishermen using some 350,000 boats and vessels of all types to achieve this yield. About one-fifth of her fishery products and nearly all her exportable marine products came from overseas areas. All of the whaling mother ships and many of the transports had been sunk as well as all but one of her salmon and crab factory ships. The one that remained became a repatriation ship. Many of the other larger ships of around 100 to 500 tons also were lost or damaged, especially those used in the tuna and bonito fisheries and in the otter trawl fisheries around the Islands and in the Yellow and China Seas. As of surrender date the productive capacity of the fleet around the Home Islands was reduced to about sixty percent of normal, according to a statement of the Japanese Bureau of Fisheries. The elaborate fishing establishments, including ships, docks, processing plants, repair yards and similar equipment in the South Seas, Formosa, North China, Manchuria, Korea, Sakhalin, Russian Maritime Provinces and the Kurils passed out of Japanese control.

Fishing Areas

Within a few days after surrender fishing was resumed on a small scale, but for security reasons, it was permitted no further than twelve miles from shore. Later in September security regulations were relaxed and the Supreme Commander permitted Japanese vessels of all sizes and descriptions to fish over a wider area around the four main islands of Japan. Vessels over 100 tons were required to register before making their original voyage. Distance from shore ranged from three to six hundred miles at the farthorest point, but averaged only about one hundred miles.

It was estimated that fishing in this area would produce domestic needs for fish. As you are well aware, the Japanese are the world's foremost fish eaters. Having a desire to eat fish for breakfast, lunch, and dinner seven days a week; and prepared in courses from the first of raw fish or soup to the last of rice, total fish consumption

in the Islands amounts to some three million tons annually. Consumption per head has been estimated up to 95 pounds annually but is probably more nearly about 65 pounds. Even at the lower figure the people of no other country eat so much fish. High production and consumption, however, depend upon large runs of sardines. In former years as much as a million or more tons of sardines have been taken annually around the four main islands. Recently, however, the catch of this species has been declining. Therefore, it was necessary, in order to more nearly approach the goal of three million tons annually, to enlarge the area from time to time and to permit some specialized types of fishing outside the area. Whaling was permitted, under certain restrictions, around the Bonin Islands during the winter of 1945-46. This was in an area outside the basic fishing area established in September, 1945. In June, 1946, the basic area was again enlarged by the Supreme Commander. Primary changes were that the southern and eastern boundaries were moved farther to sea and included among other areas the waters around the Bonin Islands. This permitted the use of many fishing vessels that could not operate efficiently in the more restricted zone. The principal species caught in this area, which really embraces the coastwise fisheries, are sardines, squid, mackerel, salmon, herring, tuna and tunalike fishes, flounders, shrimp, bonito, tai, codfish, and abalone. Seaweed is also an important crop.

Japanese Whaling Expeditions

The Supreme Commander also authorized two Japanese whaling expeditions to the Antarctic for the season 1946-47. It is estimated that some 2,000 whales will be caught. While a large quantity of whale oil will be produced, the primary purpose of these expeditions is to secure whale meat for food in Japan. These and all other Japanese whaling activities will be conducted in strict accordance with the provisions of all the International Whaling Agreements. In this connection the Japanese, by directive, have also been prohibited from engaging in pelagic fur sealing.

It was hoped that by these enlargements of the basic fishing area that the goal of three million tons would be reached in a twelve-month period. Since fishing did not get well under way until the early spring of 1946, the goal was not reached in that year. It is believed, however, that about 2½ million tons were landed which is about the same or slightly more than the total annual landings of fish in the United States and Alaska. It is likely that a catch of three million tons will be reached in 1947. This is all for consumption in Japan.

Due to the urgent need for food in Japan, the Japanese Government at the outset of the occupation was directed to expedite the rehabilitation of her fisheries. She was advised to put to sea the craft and gear then available and to begin repair and construction of new equipment to meet the needs of the Japanese people for fish. The Supreme Commander assisted by supplying fuel oil, and other petroleum products for the fishing fleet and raw cotton for the manufacture of fishing nets. These products were delivered to the Japanese Government from American sources on credit derived from the sale of silk and other Japanese products in this country. The Japanese Government in turn sells the petroleum products to the fishing industry and the cotton to net and twine manufacturers. No Lend-Lease, no UNRRA, no American loans, and no American subsidies or other like means were utilized in the reactivation of the Japanese fishing industry. The entire problem was left up to the Japanese to solve, under restrictions or such authorizations as were permitted.

Conversely, you may be surprised to learn that the Japanese asked for no assistance of this kind. They only asked for permission to engage in fisheries and I can assure you that there were many such requests and that many were denied. In one or two cases they did ask to purchase or charter several large American ships which then were not being utilized. They offered to pay in fishery products. Up to the time of my departure from Japan, these requests had not been favorably considered.

In addition to rehabilitating her fishing fleet, Japan is also taking steps to repair and improve fishing harbors, some of which were badly damaged during the bombing. In pre-war years the Japanese Government spent large sums in the development and actual construction of fishing harbors. While fishing villages are located at every possible site along the seacoast, sometimes within a few hundred yards of each other, and natural harbors are plentiful, considerable construction has been necessary to make some ports near good fishing grounds usable in poor weather. In addition, much work has been done to improve fish harbors by constructions of piers, sheds, freezing and cold storage rooms, warehouses, net lofts, and the like.

Usually the cost of these enterprises are shared on a fifty-fifty basis by the central and prefectural governments. In all, some 135 fish harbors were so built prior to the war. The cost was about 67 million yen. At that time the yen was valued at two to four to the dollar. As indicated, work is still being continued as found necessary. Recently some eight million yen were allocated for construction and repairs at one port alone.

Processed Fish Products

Canned Fish—As is well known to you, Japan formerly produced large quantities of canned sardines, tuna, bonito, salmon, crab, and other fishery products. But, as has been related previously, Japan had lost to her the rich salmon fisheries in northern waters. These produced annually some 2,500,000 standard cans (48-1 pound cans) of canned salmon and 200,000 tons of salted salmon. The only salmon fisheries now open to the Japanese are around Hokkaido. No production of canned salmon of any account has resulted from these since 1942. It is unlikely that this source of canned salmon will affect the American market even if production is resumed and if exports were permitted.

Japan also had lost to her the large and important crab fishery in northern waters, except those around Hokkaido. Operations are continuing in the latter waters and in 1946 there was a small pack. This was originally intended for domestic consumption in Japan to help meet food needs, but I learned last week some is being offered for export.

Sardines, mackerel, tuna and several other species taken in the coastwise and near offshore fisheries were canned at points in Japan proper. During the years of prosperity some 75 canneries were in operation. These were located primarily on the Pacific Coast near the areas where cannery fish are taken in largest quantities. Due to the shortage of tin plate and the great demand for fresh fish, the fish canneries have not operated since the occupation. When tin plate and other canning supplies are available they will likely resume operation.

Frozen Fish—Japan was well supplied with fish-freezing plants. A large number were destroyed during the bombing, but many of these since have been repaired or rebuilt. The output of frozen fish was designed primarily for the export market. Estimates, which seem optimistic, report annual productions of frozen fish as high as sixty thousand tons. This was the output of some 100 freezing plants located throughout the fishing ports of Japan and at inland points. The most important species frozen were salmon, tuna, swordfish, and scallops. Quantities of these and other fish are still being frozen in small amounts. The output is going into domestic consumption.

Agar-Agar—One of the important marine products of Japan is agar-agar. This is derived from various types of seaweeds which grow prolifically around Japan. The harvest is made by divers in the summer. The jelly of the seaweed is subjected outdoors to a natural refrigeratory-drying process to remove moisture and impurities leaving an almost pure dry, substance. This is done in the mountainous areas of Japan during the winter where the nights are cold and

the days are clear and sunny. Many firms have been in this business for 150 to 200 years. Average annual production from 1930 to 1940 was about 2,500 tons. Exports during this period averaged about 1,500 tons per year. They went primarily to the United States, Great Britain, France, Germany and the Netherlands East Indies.

Because of the importance of this industry to the economy of Japan and since it is a "natural" industry due to the fact that the raw product is found along many parts of the coast of Japan, encouragement was given to reactivation of the industry. However, production during 1946 was expected to reach only 375 tons, from 170 to 520 plants that operated because so much of the weed is being used for a food in Japan. During 1946, small shipments of agar-agar were made to the United States.

Fish Meal—In former years large quantities of sardines and herring were converted into fish meal and oil by the Japanese, but the principal center of production was in Korea. Pre-war production was reported at 600 to 700 thousand tons of meal a year and 100 thousand tons of oil. Due to the need for food the Japanese were advised to use the sardine and herring for edible purposes direct, or the meal and oil derived therefrom for food. It is not likely, therefore, that any quantities of these products will be available for export for some time.

Seed Oysters—With the embargo on imports from Japan to the United States in 1941 the Pacific Coast oyster industry was left without a source of seed oysters. Therefore, in October, 1945, in response to requests initiated by the National Canners Association, the Pacific Coast Oyster Growers and Dealers, and the Department of Commerce, the seed-oyster industry was given encouragement to produce an exportable surplus. The Pacific Coast oyster growers indicated a demand of some 50,000 cases (about 12,000 seeds per case). Recent reports indicate that 60 to 65 thousand cases will be available to our growers this winter.

Vitamin Oil—Realizing the great world need for vitamin oil, encouragement has been given to the production of Vitamins A and D from tuna and bonito livers and from other fish. While Japan itself is a consumer of this product, a small amount of oil was available for export during early fall of 1946. More will be available in 1947 as facilities for central collection of fish livers becomes better organized. At present, large amounts of livers are utilized for food.

Exports

Since the primary purpose of reactivating the Japanese fisheries was and is to provide food for the Japanese people the exports of such foods derived from these fisheries were prohibited during 1946. It is likely this policy will be pursued in 1947 unless exportable surpluses develop. Exceptions in 1947 are that exports of small amounts of dried shark fins, dried and smoked oysters, beche de mer, and other exotic fishery products likely will be permitted. These will go to China primarily to help in a small way to pay for large quantities of salt imported from there for salting fish. Apparently now some exports of canned crabmeat are being permitted and maybe some sperm and whale oil will be available to us or other countries. Inquiries regarding imports of fishery products from Japan should be directed to the U. S. Commercial Company, Washington, D. C.

Research and Education

You may ask how it is that Japan became the foremost fishing nation in the world. This might be answered by using the old adage that "necessity is the mother of invention". Only about 16 percent of the total land area of Japan Proper is suitable for farming. This did not and cannot produce enough food for her ever-growing population. Thus Japan turned to the sea for food; as well as for industrial products. She thereby reaped a fabulous harvest as well as profits. Furthermore, the sea not only provided Japan with her domestic needs for fish, but also produced huge amounts for export.

The Japanese Government aided in the venture. Trained fishery experts from government and business were sent abroad to study fisheries in every land. The best of foreign processes and methods were adopted. Research vessels explored the Pacific for fish. These studies and explorations resulted in Japanese penetration to fisheries in the remotest parts of the Pacific and were leading to the Atlantic Ocean.

At home, fishery schools were established to train personnel for positions in the ever-growing fisheries. Training began and still begins in the grammar grades. There are said to be five to six hundred primary schools teaching fisheries. Then there are specialized schools, like high schools, devoted entirely to fishery courses. There are 32 of these schools in 24 prefectures. Lastly, there are two fishery colleges and three of seven Imperial universities have fishery departments. One of the colleges, the Imperial Fisheries Institute in Tokyo, is administered by the Bureau of Fisheries. This is the only educational institution outside the jurisdiction of the Ministry of Education.

Technical and biological laboratories were established. There are six Imperial or federally supported laboratories and 112 prefectural laboratories. The latter are also supported in part by the central government. One of them located at Yoichi on the Island of Hokkaido, is said to be the largest fishery laboratory in the world. Overseas, Japan formerly operated 14 research stations in Korea, five in Formosa, one in Karafuto, one in the South Seas, one in Kwantung, and three in Manchuria.

These laboratories aim at developing new methods and processes and at studies of fish migrations and populations, fish reproduction and growth and other phases. Minute studies are conducted to make every water area around Japan contribute its full share of fish or other marine products. Water farming is practiced on a large and profitable scale in bays and estuaries as well as in lakes and ponds. Oysters, clams and seaweed are planted and raised as crops. Even the rice fields are made to produce fish during the summer growing season when the paddies are flooded. A production of some seven thousand tons of carp was expected from this source alone in 1946. In addition to the above government-sponsored research, there are a number of laboratories operated by fishing companies.

Large research vessels were built to study the deep sea fisheries, both pelagic and dermersal. Practically every prefecture along the seacoast has some sort of fishery research vessel. The largest and most imposing —that which conducted studies along our Pacific Coast in the late Thirties— was sunk during the war by our action. However, it was not long after our arrival in Japan that another, but not so pretentious, was outfitted to replace her. One could talk an hour and more on fishery research and education in Japan. Some of these research activities are sound and some not so good, but there is no doubt at all but that they proved valuable in making Japan a great fishing nation.

In connection with fishery education in Japan it is interesting to note that every effort is made by Japanese authorities to instill a fishing spirit in school children in various ways. For instance, in some schools the children are kept advised daily of the positions of fishing vessels, aboard which they have parents or relatives. This is done by ship-to-shore communications which are relayed to certain schools. The teacher then traces the track of the voyage on a map blackboard in the school room. In turn this information is carried back to the home of the children.

Fisheries Intelligence

The Fisheries Division compiled considerable information on Japanese fisheries and fishery research. In this the Japanese Bureau of Fisheries was of great assistance. In one instance a committee of 50 fishery specialists was assembled by that Bureau to prepare concise and detailed reports on the overseas fishing activities of Japan and on the Japanese home fisheries. The committee was composed of Bureau officials, industrialists, fishery

college professors and research workers. I will never forget the two occasions on which the chairman brought to my desk the completed reports of the committee. They each ran around three thousand pages in Japanese text and contained hundreds of photographs, line drawings, and maps. This material is now being translated and edited and after publication will be available to our American fishery industry.

The staff of the Fisheries Division also prepared and has in process of preparation numerous reports on special Japanese fisheries. These cover such subjects as the Hokkaido fisheries, the Japanese salmon industry, Japanese fishing areas, fishery research and education in Japan, the canned crab industry, fish refrigeration, fish meal and oil, fishing methods, the pearl culture industry, the agar-agar industry, the Tokyo fish market, and fishery associations, guilds and societies. Those publications already released are available through the Civil Affairs Division of the War Department. If not yet released you can place your name on file with that Division to receive a copy when published. Due to the size and magnitude of the reports on the Japanese home and overseas fisheries, they may not be available for some time. In connection with securing general or specific information on Japanese fisheries, it is suggested that inquiries be directed to the Civil Affairs Division rather than writing to the Fisheries Division in Tokyo.

What of the Future?

As has been indicated previously, Japan, following the surrender, had lost to her the privilege of participating in the rich overseas fisheries. At present she is permitted to fish only within the area prescribed in June, 1946, which is around Japan Proper. The only exception is that she is permitted to engage in Antarctic Whaling during the 1946-47 season.

For the present Japan is required by the Supreme Commander to feed her people at home. Unlike European countries which are denying their populations, even of food, to send goods into world markets for the purpose of obtaining foreign exchange, the Japanese are required to meet home needs first, and as far as possible from their own agriculture and fisheries. Even three million tons of fish—and it still has not been reached—may not be enough to meet her domestic needs.

Whether Japan will ever be permitted to share in any or all of the overseas fisheries is a matter for the policy-makers to decide. I can assure you that Japan wants to do so. Perhaps a guide to the situation is contained in the "Potsdam Declaration" of 26 July 1945 and the "U. S. Initial Post-Surrender Policy of Japan" of 22 September 1945.

The Declaration contains this paragraph: "Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to rearm for war. To this end, access to, as distinguished from control of, raw materials shall be permitted."

The Post-Surrender Policy states: "Japan shall be permitted eventually to resume normal trade relations with the rest of the world. During occupation and under suitable controls, Japan will be permitted to purchase from foreign countries raw materials and other goods that it may need for peaceful purposes, and to export goods to pay for approved imports."

Japan is a nation of fishermen and with a national energy highly developed in that direction. Where and how that energy will be allowed to flow and to what extent, is, I reiterate, in the hands of the policy-makers.

WORLD FISHERY PROBLEMS AND THE FAO

By D. B. Finn, Director, Fisheries Division of the FAO

It is with considerable pleasure that I accept the honor of making this brief address. You are gathered here representing the fish canning industry from all parts of this continent, and thus are dealing with a fish commodity which occupies a very important place in international trade. You come together to consider the outlook, to exchange experiences and ideas, and in general to bring to yourselves that strength which comes from a unified attack upon common problems. I consider it a great privilege to make some contribution to your deliberations.

Having come through six years of war, with its shortages, its regimentations, its production difficulties, fisheries problems and problems in fisheries will not be new to you. The fisheries men in every branch have faced them and, to a large measure, overcome them. It was their contribution to the general struggle.

I know that you also recognize that the transition of a world organized for war to one organized for peace brings with it problems of a different nature, problems a little less hectic but not the less vital. You recognize their impact because you face them from day to day. You realize that they may affect your future and the future of your industry. The same is true of most fish men and much thought is given to the local aspect of their problems.

On the other hand, the international nature of the fisheries "problem" is not universally recognized. It is not quite so immediately apparent how the international aspect will affect the long term self-interest of the fishing industry.

In the short time at my disposal this afternoon I am going to try to sketch in a few short strokes the nature of the international problem, to point to the necessity for a solution, and to show that it can only be arrived at from a world approach.

Fisheries Production

A sketch of any industry usually starts with its production. At this starting point fisheries production poses an international problem. Aside from the shore fisheries, the seas are free and the fish within them are a gift of nature. No one owns the pasture from which the crop is garnered. The first to come is the first to be served.

In the past this state of affairs has led to fierce competition between countries. It has led, and may lead, to the ruin of commercial stocks of exhaustible species. The failure to couple national responsibilities towards a resource with national rights to exploit it, and the lack of common agreement amongst nations concerning the conduct of fishing, has prejudiced the orderly development of the industry, spelled failure to individual enterprise and caused much suffering to peoples of various countries, both those who produce and those who consume.

This kind of failure may also lead to another kind—the failure of one group of people to recognize the rights of others, who by self-imposed sacrifice have protected and developed a fishery which may be exhausted by indiscriminate and unregulated fishing on the high seas. Some of you know something of this and realize the implications, but the principle involved in this kind of problem is of pertinent interest to all nations.

This is only a partial description of the international nature of the production problem, but perhaps it is enough to show that if there is to be a solution it can only come through international consultation and international agreement.

But of far more immediate importance is a problem that is not quite so obviously international. It is of concern to every country in the world. It is the problem of threatened surpluses. The one that fisheries will be amongst the first to feel.

One of the main reasons for hesitation in embarking on programs of general expansion, and even of maintenance of the status quo, is the uncertainty as to the economic future. The patterns of production and trade have been markedly altered by the war. The rapid advances in technology are continually creating new situations

and our greatly increased power of production poses new problems to man's ingenuity in organizing the distributive mechanism.

These situations are not new. We faced the same kind of problem after World War I. In that war, with the productive effort of half a world diverted to destruction, there was a great need for increased efficiencies on the part of those that were left. Under the stimulus of patriotism, fear and high prices there was a great expansion in productive ability.

In the ten years following the war agricultural production returned to its former level in the war torn countries. This, together with the increase in new production, due to war, could have fed the entire Western world at an adequate level of nutrition.

Instead, the increased supply of food became an embarrassment, and the embarrassment a catastrophe. It proved impossible to get the food consumed. Nations had not the purchasing power, and it seemed easier to restrict supplies than to create purchasing power.

The countries able to supply foodstuffs increased in number, and simultaneously there were improvements in storage and transportation. This should have led to greater stability in world prices. But the reverse happened. Prices fluctuated more violently than ever before. No international machinery existed that could mitigate the shock of economic warfare.

There was substantial technological progress which reduced costs of production of many basic foodstuffs. This should have benefitted everyone. Instead it spelled ruin for farmers and fishermen.

At the same time technical advances in industry proceeded at such a pace that it should have meant a tremendous increase in the purchasing power of all countries. Instead, the world was plunged into economic depression which was so extensive and widespread that consumers had to cut down their purchasing of food.

The policies devised to meet the situation in the 1930's took many forms. Some countries reduced their imports until they became virtually self-sufficient. Some others, by means of tariffs, import quotas, subsidies and taxes upon food consumption sought to compensate food producers for the loss of export markets. Others charged the home consumer higher prices to make up for the lower export price. Others burnt the products which were wrested from the soil by the producers —Brazil burnt 75 million bags of coffee—and in general the policy was one of restriction and subsidized under-production. This was not because people didn't need food, not because everyone was satisfied. Side by side with this waste, restriction and underproduction people were starving.

This spectacle disturbed the world and the leaders of nations. The League of Nations, which saw what threatened, convened a conference as early as 1927 to develop general economic betterment and freer international trade. This meeting was immediately followed by increases in tariffs by many countries and the imposition of quota restrictions. A World Economic Conference in London in 1933 was called, but the only thing the meeting agreed upon was a further restriction of production.

Gradually we struggled out of the depression. Prices recovered and trade moved slowly back, but it was said that there was another recession approaching in 1939, and that we were saved from its effect by the outbreak of World War II.

World War II followed the same pattern, except that the productive ability of certain parts of the world has greatly exceeded the increases which took place during World War I. Miracles were wrought in industry and food production and, to the measure that we were more successful, so our problem becomes more serious.

Adjusting to Consume Goods

I am sure that we all wonder what the result will be when, after recovery, Europe's normal production is added to that which we already have. The fish canning industry is well aware of such questions. Once again we shall have to face the problem of adjusting the power of the world to consume the goods if we are to avoid the consequences of expanded capacity to produce, the consequences which we felt in the depression of the inter-war period.

The question arises as to whether we shall try to solve the problem by restricting production, by subsidizing scarcity and by erecting barriers to trade, as we have done in the past. Once again we have to face the problem as to whether we shall burn coffee and throw fish back into the sea.

Shall we, in the fisheries, see prices fall, as they have done, to the point where people in fish producing countries cannot make a living by fishing, while people in other lands starve? Shall we witness the spectacle of countries, such as those northern ones whose very life depends upon fishing —take fishing away from them and they have nothing—be brought to the necessity of subsidizing exports and supporting prices in order to compete with one another?

Or shall we take part in the common effort to find a more reasonable way out, such as is manifest in the formation of all Councils of the United Nations, the Food and Agriculture Organization, the projected International Trade and Employment Organization, the Economic and Social Council, and others.

It seems that the dramatic happenings on the political front of the United Nations have obscured the earnest work which is going on in the specialized bodies towards a solution of these difficulties, and sometimes I am tempted to think that if this work bears fruit it will itself solve many of the political difficulties.

Surely, if there is a solution, it lies in the direction that has already been struck. It lies in a thorough examination of the nature of the problem, such as is taking place in Washington by the Preparatory Commission on World Food Proposals. It lies in consultations between the troubled countries of the world, the adjustment of mediums of exchange and the balancing of industrial expansion with that of the developing food industries, so that purchasing power can make possible the necessary consumption.

Fisheries has its part in all this in problems which it poses directly and indirectly, and I think you will agree with me that it is a situation that can be dealt with only by international consideration.

We hope that fisheries for the first time will be considered from the world point of view in its special aspects at those world consultations.

Up to now there has been no world organization that gave fisheries sufficient attention, no organization which could assemble and make summaries of world fisheries statistics, no studies of possible world production and consumption, and no concerted examination of the world fisheries economy, no international organization to focus national attention upon wise conservation and development measures for the resources in the high seas, or devoted to the spread of information so that individual governments could determine for themselves where their enlightened self-interest lay.

This is the job of FAO in its Fisheries Division. In many fields we shall have to start from the very beginning and in all fields there is much to be done since, for the first time, we shall be looking at every phase of fisheries from this new point of view. We hope to bring accurate information and impartial analyses of fisheries problems to world councils. We hope to assemble world data on special fisheries problems so that interested nations can evolve satisfactory agreements amongst themselves to the benefit of both producer and consumer. We hope to furnish the information that will make it possible for people in every part of the world who are now starving for protein, to utilize the fish resources that may be at hand, and in general to assist in arrangements which will lead to a greater demand so that all peoples of the world may be better nourished and restrictions of production may be prevented.

This is the job—and this is the challenge—which world fisheries problems bring to FAO.

GOVERNMENTAL ACTIVITIES OF INTEREST TO FISH CANNERS: A MISCELLANEOUS HAUL

By H. Thomas Austern, Counsel, National Canners Association

In addressing this group of fish processors today, I am perhaps offering only what Izaak Walton once called "melancholy bait." The several subjects to be reviewed with you are all troublesome, and are related only because they concern in different ways the production and distribution of your products.

Turning first to production, I suppose that the recent epidemic of so-called portal to portal law suits has served to focus peace time attention upon the maximum-hour provisions of the Fair Labor Standards Act of 1938. Insofar as fisheries and the processing and marketing of fish products are concerned, you will recall that Section 13 (a) (5) of the Wage and Hour Law afforded a very broad exemption from both the wage and hour provisions of that Act for employees engaged in fishing or in processing, canning, or the freezing of fish or fish products. This provision originally formulated by Mr. Bland of Virginia was on its face one of the broadest exemptions in the statute and its final phrase exempted the "propagating, processing, marketing, freezing, canning, curing, storing, or distributing" of such fish products and by-products.

Any statute, however, is a political as well as a legal document. In interpreting the law, those responsible for its administration are often responsive to currently prevailing ideas of what it should mean. In 1939 the Administrator issued his original interpretation of this fishery exemption. He announced that in his judgment it covered only those employees in the fish processing industry whose hours of labor were affected to a considerable extent by natural factors—that is, those engaged in operations in "the fishing industry which are closely connected with the physical catching of the fish, and which are performed incidental to and immediately following the catch."

This preliminary and catch-all interpretation announced further that office employees would not "ordinarily" come within the exemption, nor in the Administrator's judgment would cooks, watchmen, and other employees be included because their work was not closely enough connected with the physical catching of the fish or affected by natural factors. This restrictive rewriting of the Act was never accepted by the industry. No one has ever challenged the coverage by the exemption of fishermen, dock workers, people employed directly on the canning line, or in the handling and storage of the finished product off the end of the line. Differences of interpretation centered largely on maintenance workers, cannery cooks, radio men, ice house workers, those handling supplies and repair parts, watchmen, cannery office employees, and others without which a cannery could not operate.

So far as I know the administration did not press its point of view in the courts. In 1943 the Fifth Circuit ruled that watchmen in a Mississippi shrimp and oyster plant were exempt during the processing season on the theory that the exemption was very broad and that "everyone who had an essential or necessary part" in processing was covered by it.

In March 1945 the Administrator issued a press release announcing that he was revising his 1939 interpretation. This press release summarized what he was about to do. He proposed to have the exemption operate on the individual employee, and to be controlled by the "functional relationship" of his occupation to fishing or canning. Presumably, it would make no difference that a man worked as a fireman, but it would be necessary to decide whether he fired the boiler and made steam for particular purposes. These purposes were divided into offshore activities and shore activities. The shore activities had to be "so directly and closely related to the movement of the perishable product to a non-perishable state that the occupation may be said to be essential to such movement." Finally, the Administrator announced, that if an employee spend 20 percent of his time on so-called non-exempt work, the entire exemption would be defeated.

If his work could not be segregated to fit these adjectives and nouns, he could never be exempt.

Necessarily this legalistic mumbo jumbo could not be readily applied to the realities of fish canning operations throughout the country. The National Canners Association immediately protested to the Administrator and asked that before he revise his interpretation he become better acquainted with the practicalities of the industry. As a result the Division agreed to hold and did hold a series of hearings during the summer of 1945 up and down the West Coast, on the Gulf, and later along the Atlantic seacoast. Voluminous evidence was received, and the point was made that Section 13 (a) (5) afforded an industry-wide exemption. The industry pointed out the impossibility of drawing an artificial line between exempt and non-exempt employees on these legalisms about functional relationship. Thereafter comprehensive briefs were filed by the industry and by the labor unions and all of this material forwarded to the Administrator. Mr. Walling agreed to hold a further informal conference with industry representatives to discuss the scope of the exemption in the light of these hearings and briefs. It is hoped that clearer and more workable interpretations of this fishery exemption will result from these conferences.

In the meantime, however, the Administrator has brought several suits against fish processors. One against a Maine sardine and herring canner involves office employees, watchmen, maintenance men and shipping room employees. This case was tried last month in Massachusetts but no decision has yet been rendered. Another suit for an injunction was brought against a Delaware menhaden processor and again involves watchmen, maintenance men, cooks, and carpenters. Trial of this case has been postponed, but nevertheless a companion suit by employees for back pay is soon to come to trial.

This employee suit points out the fact that under this wage and hour law the Administrator's interpretations are not final. Employees may always sue on their own views of the law. Occasionally the Wage and Hour Division assists in such employee suits. The portal to portal controversy has brought into sharp relief the problem of statutory limitations on such suits. On January 7, 1947, Representative Gwynne again introduced a bill to provide for a one year statute of limitations. He also proposes that no existing suit permit recovery for any violations more than one year old. As part of his proposals to solve the portal to portal problem, Mr. Gwynne proposes that Congress provide that anyone acting in good faith on an administrative interpretation shall be free from liability. As most of you know, there are numerous other congressional proposals on this same subject, and it is to be expected that something will be enacted in the present session.

Unemployment Insurance Taxes

Another development relating to employment in your industry was the change in the Federal Unemployment Tax. You will remember that in 1935 Congress enacted the Old Age Benefit Law and the Unemployment Compensation Law. As originally enacted neither of these applied to fishermen. In 1939 Congress modified the old age law to extend the tax and the benefits to maritime workers. It also was persuaded at that time to include a partial coverage of fishermen. Only those engaged in commercial fishing for salmon or halibut, or working on or with a vessel of over ten net tons, were covered by the tax and afforded the old age insurance benefits.

Up to 1946, however, the Federal Unemployment Tax did not cover maritime workers including fishermen. You will remember that under this law the 3 percent tax by the Federal Government is remitted to the extent of 90 percent to those State unemploy-

ment commissions administering State laws which comply with the Federal Act. In part, the problem of extending unemployment compensation relief to maritime workers was complicated by having to decide which State would have jurisdiction or whether there should be direct Federal control. For many years Congress has considered the extension of unemployment compensation relief to such maritime workers. By the Act of August 10, 1946, it extended the system to cover all seamen on American vessels and seamen performing work in the United States. It authorized the various States to include such maritime workers under their systems as many of them had already done.

In the consideration of the various bills which resulted in this statute, the problem of an exemption for fishermen was not too well canvassed. The result was that Congress carried over into the unemployment insurance tax the same provision which already existed in the old age benefit law. Consequently, beginning July 1, 1946, this Federal Unemployment Tax is payable by the employer of all fishermen engaged in the commercial catching of salmon or halibut or any person engaged in fishing on or in connection with a vessel of over ten net tons. Of course, the tax likewise covers all seamen employed on vessels not engaged in fishing. As a practical matter, the tax is applicable to all salmon or halibut fishermen and to all fishermen working on vessels of over ten tons. Other fishermen are exempt.

The pattern of this exemption has led many to deem it discriminatory. Apart from the complexity of the rules and regulations and the clerical burden of compliance, the gross amount of the tax is 3 percent of payroll. There are some who argue on the one hand that the benefits of the Act should be extended to all fishermen. There are others who urge that as enacted the tax is in reality a tax on the size of the vessel employed and that it thus discriminates for no logical reason among employers, and hence all fishermen should be exempt. It is expected that this problem will be reviewed by Congress in the forthcoming session.

In this same connection there was handed down only last month an interesting decision by the United States Supreme Court. Salmon canners may remember that in the spring of 1940 the negotiation of labor contracts for Alaska was particularly difficult. Three San Francisco companies operated canneries at Karluk, Chignik and Bristol Bay, Alaska. They engaged in collective bargaining with Local No. 5 and negotiations were eventually transferred to Seattle and carried on by the Alaska Salmon Industries, Inc., in Seattle. It looked as though these negotiations would end at the gangplank. The unions were told that there would be no operations at Karluk if agreement were not reached by April 10 and none at Chignik if no agreement were reached by April 12. The negotiations ran beyond these dates, and on April 22 it was announced that no operations would be carried on in either of these places in 1940. The deadline for Bristol Bay was May 3, but for these San Francisco companies in the Bristol Bay area no agreement was ever reached.

Early in May individual employees filed applications for unemployment benefits in Alaska. The Alaska law disqualified from benefits for eight weeks any individual whose unemployment was due to an active labor dispute. The Alaska Commission held that the disqualification applied beginning with the opening of the fishing season in each of these localities. This was affirmed by the Federal District Court but reversed on appeal on the theory that the labor dispute was not in Alaska but in the United States. When the case was first argued last year, the United States Supreme Court split four to four. When it was re-argued in November, the Court *unanimously* ruled against the employees who were represented by their labor union. The Court held that there was an active labor dispute, that the unemployment was due to it, and that it made no difference if the negotiations were being conducted in San Francisco or Seattle and not in Alaska. The claims of the employees were rejected except in the case of one company operating in Bristol Bay as to which it was determined that the failure to operate had been due to reasons other than labor negotiations.

Whatever effect this decision may have on gangplank labor negotiations, some have taken it to mean that Mr. Dooley was right in suggesting that the Supreme Court follows the elections.

Food and Drug Standards

One word more on production: Thus far fish canners have not had to concern themselves with Federal food standards. The eventual program of the Food and Drug Administration contemplates serious consideration of standards of identity and minimum standards of quality for canned fish and seafoods. The former raise problems of species identification; the latter can cover questions of raw material selections, workmanship, and process. Both mean label revision, probably more different labels, and the eventual regluation can have its reverse impact back through cannery operation. The business of working out such standards is both technical and legal, and properly should be an undertaking for the Government and packers of a product. It cannot be too strongly urged that careful thought, and adequate research far in advance of Administrative proposals, are vital in this work. Such consideration for each of your products at an early date would be warranted.

Export Trade and Trade Agreements

Turning to distribution, I suppose the most immediately engrossing question is that of foreign trade. At the moment, this country has announced omnibus trade treaty negotiations with sixteen foreign countries. Negotiations start next April. The list of fishery products on which tariff concessions may be granted includes all of Paragraphs 717 through 721 of the Tariff Act which covers all of the duties on these products. Practically all of the groups here represented filed briefs before Christmas, in the main opposing any concessions. Others are hopeful of securing removal of unreasonable duties, quotas, and other barriers to exports of canned fish and other fishery products from this country. Later this week and on next Monday, oral hearings will be held by a panel of the Committee for Reciprocity Information, and many of you are scheduled to appear.

By bulletin and letter we have given you all available information for your use. How far duty concessions may go no one can forecast. In part this may be dependent on the degree to which the Republicans will go along with the economic as well as the political parts of the Administration's foreign policy. For as always national tariff questions often turn out to be local issues.

International Trade Organization

What perhaps is not too well known is that these reciprocal trade negotiations are but part of a larger program directed to the creation of an International Trade Organization within the United Nations Organization. This began outside the UN when in December, 1945, the United States invited fifteen other nations to meet in 1946 to draft a charter for an International Trade Organization and to negotiate reductions of existing trade barriers. In February of last year, the UN appointed a committee of nineteen countries which met in London in October and November. A comprehensive draft charter was prepared. To permit public discussion and comment on this charter, the State Department has scheduled separate hearings in February and March in six cities.

One cannot briefly expound even the principal parts of this proposed Charter which occupies 96 pages. It covers employment and fair labor standards, general economic development, tariffs and subsidies, cartels and restrictive business practices, and inter-governmental commodity arrangements. All of it merits careful examination by businessmen and lawyers, and particularly by those interested in foreign markets or fearful of foreign competition. Of most specific interest today are perhaps the proposed intergovernmental commodity agreements. Under these a governing body called a Commodity Council would control pro-

duction, engage in buying and selling, in stockpiling, in expanding consumption, in shifting resources and manpower from one industry to another, and in almost every conceivable government and private activity in what are called "primary commodities." What these are I can't tell. The definition is quite broad. It talks about commodities where there may be "disequilibrium between production and consumption, the accumulation of burdensome stocks, and pronounced fluctuations in price."

A writer in a recent Department of State bulletin suggests that they are raw materials, certainly agricultural, but clearly some others. The charter talks also about products on which minor processing has been performed and also mentions closely related commodities.

To those in the fisheries industry, and particularly fish processors, many questions may occur. Will these intergovernmental commodity agreements embrace fish and marine life? Will they include conservation measures? Will they extend to the high seas? Will they supersede existing international treaties such as those between this country and Canada? Will they afford the basis for control, if not contain an obligation to control, production and sale of fish products and by-products? The text of the proposed charter gives few answers. Perhaps the scheduled hearings will afford some illumination.

Unlawful Brokerage

On the domestic front, a brief report may be made on the continued interest of the Federal Trade Commission in the selling practices of fish canners. Most of you are familiar with subsection (c), the brokerage provision, of the Robinson-Patman Act. This prohibits the giving of brokerage to any person acting for the buyer or to any intermediary controlled in any way by the buyer. Likewise, no discount or allowance "in lieu of brokerage" may be given directly to the buyer. By judicial decision it is now clear that it makes no difference whether service was or was not rendered the seller by the intermediary or buyer. These rules apply even to a broker who buys for his own account —on the goods he buys he cannot be given brokerage.

The impact of this prohibition upon seafood packers may be best shown statistically. To date there have been 245 Robinson-Patman Act proceedings begun by the Federal Trade Commission. Of these 113 involved unlawful payment of brokerage. And out of these 113 brokerage cases, 44 concerned seafood packers. As I had occasion to point out elsewhere, the usual pattern has been for the name of a seafood canner to turn up in a proceeding against an intermediary, and then the Commission moves against him.

This interest of the Trade Commission in the selling practices of fish canners, particularly on the Pacific Coast, is not likely to end. Half of all Robinson-Patman Act complaints issued in 1946 were against fish canners. And 16 out of the 23 cease and desist orders issued in 1946 under the brokerage part of the law were entered against fish canners. Why this preoccupation with one group of sellers? In the first place, the Commission rightly believes that if one man is subjected to a cease and desist order, a competitor engaged in the same practices should not be permitted to continue without the same restraint. But more important is the as yet unsolved problem of packer to packer sales at a discount. This, I think, is in most cases a confusion of words and not a violation of law. Historically, many have given a lower price in selling to other packers and have loosely called it the allowance of "brokerage." The allowance of the lower price should not be regarded as an unlawful price discrimination and these allowances are not in reality brokerage. The buying packer is not a broker. Nor is he a distributor in competition with the customers of the selling canner. And he has to pay brokerage when he sells.

So long as the price differentials in these packer to packer sales are rightly called "packer discounts," it would seem that subsection (c) is not violated. But what appears to concern some is the point at which a packer to packer sale ceases to be normal trade practice and to become something else. And it is not too clear that allowance of brokerage in intrastate dealings in goods ultimately destined for interstate movement is reached by the Act. It is because of these issues that further application of the brokerage section of the Act would not be surprising in your industry.

Association Activities

While the Patman Act is technically a part of the antitrust laws, I do not mean by anything I have said to suggest that lawful collective activities in your regional and commodity associations or in this N.C.A. Section are in any way questionable. It may be granted that you have some unsolved antitrust problems which are unique to your industry. Whether collective bargaining with fishermen is under all circumstances a labor negotiation or may be deemed an agreement for the sale of a commodity, is a nice question. And how far a canner may go in meeting the demands of associations of fishing boat owners cannot always be easily answered. But so long as combination for production control, price fixing of products, or any effort to control the market are carefully avoided, association activity for common purposes is not unlawful. Indeed, in these days, it might be hazardous to attempt to compete without the knowledge provided by trade organizations. The point was best put in 1921 by Mr. Justice Brandeis with whose words this talk may well close:

"The cooperation which is incident to this plan does not suppress competition. On the contrary it tends to promote all in competition which is desirable. By substituting knowledge for ignorance, rumor, guess and suspicion, it tends also to substitute research and reasoning for gambling and piracy, without closing the door to adventure, or lessening the value of prophetic wisdom. In making such knowledge available to the smallest concern it creates among producers equality of opportunity."

Members of House Salt Water Fisheries Subcommittee Named

The membership of the Salt Water Fisheries Subcommittee of the House Merchant Marine and Fisheries Committee was announced by Congressman Fred Bradley on January 23. This is the subcommittee referred to in Mr. Bradley's address at the Fishery Products Conference as Subcommittee No. 3 (see page 53).

The new subcommittee will be headed up by Congressman Thor Tollefson of the Sixth District, Washington. Other members of the subcommittee consist of T. Millet Hand, New Jersey; John J. Allen, Jr., California; Horace Seeley-Brown, Connecticut; E. T. Miller, Maryland; Cecil R. King, California; James Domengeaux, Louisiana; H. M. Jackson, Washington; Emory H. Price, Florida; and Prince H. Preston, Georgia.

Mr. Tollefson, the chairman, is a Republican, and is serving his first term in Congress. Prior to his election to Congress, he served as prosecutor for Pierce County, Washington, for two terms.

Congressman Tollefson Opposes Reductions of Tariffs on Fishery Products

On January 28, Congressman Tollefson appeared before the Committee for Reciprocity Information in opposition to the proposal to reduce tariffs on fishery products from foreign countries. He has stated that he is going to do everything possible to protect domestic industry from competition of goods produced by cheap labor in other countries. He believes particularly that the fishing industry of other countries should be developed to satisfy their own domestic requirements and that in the event of any surpluses, they should be distributed to the deficit areas of the European nations.

40TH ANNUAL CONVENTION ADOPTS RESOLUTIONS ON LABOR, TINPLATE, SUGAR AND OTHER PROBLEMS

In the Closing General Session of its 1947 Annual Convention, the National Canners Association went on record as being opposed to "unnecessary labor disturbances" which impede the orderly transition of industry from wartime to peacetime economy. The canner delegates by unanimous vote adopted a resolution urging "a program of constructive labor legislation to correct acknowledged abuses including jurisdictional strikes and secondary boycotts and to achieve harmonious industrial relations upon which the continued economic welfare of the nation is dependent."

The N.C.A. Convention also adopted a resolution urging the Government to cease the exports of tinplate in order to assure that the Nation's canners will receive an adequate supply of metal containers to pack this year's production of canned foods.

Pointing out that it appears that the shortage of sugar will continue throughout 1947, the Association requested that appropriate Congressional authority be provided for the continuation of price control and the rationing of sugar beyond March 31, 1947, until sugar supplies achieve a level closer to the industry's requirements.

Among other resolutions passed by the 40th Anniversary Convention was one calling upon the State and local governments to remove any laws which might restrict the free flow of interstate commerce in the movement of food products. The Convention also urged the State and Federal governments to initiate a farm and cannery labor program for 1947 which would assure the necessary manpower for the harvesting of canning crops and the processing of canned foods.

Additional resolutions passed by the Convention included recommendations on descriptive labeling, a resolution commending Frank E. Gorrell, founder, and for 38 years Secretary, of the National Canners Association, an endorsement of the nutrition research program on canned foods being conducted by the Can Manufacturers Institute and the National Canners Association, and several other miscellaneous resolutions.

Full text of the resolutions follows:

Labor

WHEREAS, unnecessary labor disturbances have greatly impeded the orderly transition from a wartime to a peacetime economy; and

WHEREAS, in large measure many of these labor disturbances, often nation-wide in scope, do not reflect warranted collective bargaining but result from abuses of power to the injury of the entire national economy, be it

RESOLVED, that the National Canners Association urges the adoption of a program of constructive labor legislation to correct acknowledged abuses including jurisdictional strikes and secondary boycotts and to achieve harmonious industrial relations upon which the continued economic welfare of the nation is dependent.

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Farm and Cannery Labor

WHEREAS, the wartime program for the importation of foreign laborers and for providing facilities for domestic migratory labor may be terminated during 1947; and

WHEREAS, the use of such labor is a normal incident to the operation of the canning industry in many areas and is essential for the harvesting and processing of canning crops, be it

RESOLVED, that all governmental employment services and agricultural agencies, both State and Federal, are hereby requested and urged by the National Canners Association to formulate a timely program to secure for 1947 the labor necessary for the harvesting of canning crops and the processing of canned foods.

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Tinplate

The principal use of tinplate produced in the United States historically has been for metal containers used in the packing of perishable and seasonal vegetables, fruits, and seafood, and other food products. This usage is essential to the processing and effective marketing of the harvests and catch of these commodities. At this time it appears that fulfillment of the Government allocations of tinplate for export to foreign countries will seriously impair the domestic supply of tinplate during 1947, requiring prorating by can manufacturers and only limited deliveries of cans to processors. If there are any interruptions in production in tinplate mills, a further drastic loss of fruits and vegetables and fish may result. Scheduled exports of tinplate do not appear to be related to any war need or to any relief activity. No reason appears why tinplate should be taken by Government order out of the American economy for foreign shipment to support production for export in foreign countries while at the same time American users of metal containers for food are being restricted as a result of such shipments of tinplate to foreign countries; therefore, be it

RESOLVED, that the National Canners Association urge upon the State Department, the Office of Temporary Controls, and the President of the United States that there be an immediate cessation of exports of tinplate, a reexamination and reconsideration of the allocations for the first calendar quarter and their effect on American growers and fishermen and processors of vegetables, fruits, seafood, and other food products and that exports be limited to the irreducible minimum needs of foreign countries after domestic needs have been fully safeguarded.

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Sugar

WHEREAS, the canning industry, in company with other industrial users of sugar in the United States, is affected by the continuing shortage of that important commodity; and

WHEREAS, it appears that such shortage is likely to continue throughout 1947 and necessitate the equitable allocation of sugar among all types of industrial and consumption users of sugar; and

WHEREAS, the 1947 level of rationing will in large measure be controlled by the amount of sugar allocated by the International Emergency Food Council to European countries from sugar sources normally supplying United States users, be it

RESOLVED, that the National Canners Association urges that appropriate congressional authority be provided for the continuation of the price control and rationing of sugar beyond March 31, 1947, until sugar supplies achieve a level closer to requirements; and that the United States Government exert every effort to minimize the quantity of sugar allocated from sources normally supplying the United States to other foreign countries beyond the justifiable needs of such countries, to the end that there be a substantial reduction in the proportionate part of the supply and in the aggregate volume allocated to such countries.

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Descriptive Labeling

WHEREAS, the industry's program for descriptive labels for its products is meeting with a growing acceptance by consumers for whose benefit it was formulated; be it

RESOLVED, that the Association recommends the labeling terms selected by the Association's Committee on Labeling and approved by the several distributors' organizations, and that the Association urges the adoption of these recommended uniform labeling terms by every canner, distributor and other organization merchandising canned foods under its own labels.

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Interstate Commerce Barriers

WHEREAS, the free flow of interstate commerce and the interstate movement of food products are seri-

ously restricted by state statutes relating to motor trucking and ports of entry; local variations in food and drug laws and so-called beverage statutes; compulsory local registration of trade marks; and the specification of particular types of containers for intrastate sales; be it

RESOLVED, that the National Canners Association urges upon each of its members the desirability of calling to the attention of local and state governments the serious economic maladjustment resulting from such restrictive legislation and regulations to the end that all such barriers to interstate trade may be eliminated.

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Frank E. Gorrell

It is appropriate on this occasion of the Fortieth Anniversary of the National Canners Association that renewed recognition be accorded to Frank E. Gorrell who has so devotedly served the canning industry for these four decades and who not only has contributed beyond all other men to the development of its national trade association but has also given his friendship and sage counsel to hundreds of men and women whose life work has been in this field. Seldom has one man evoked the affection and esteem of so many. Therefore, be it

RESOLVED, that the members of the Association extend to Frank E. Gorrell their congratulations on his achievement in leading the canning industry to its present place in the American economy, express their appreciation for his efforts in behalf of all canners, and rejoice in the continued opportunity of having him as counselor and friend.

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Nutrition Research

RESOLVED, that the Association endorse the joint program being conducted by the National Canners Association and the Can Manufacturers Institute of research on the nutritional values of canned foods and the retention of vitamin content to acquaint the consumer with the value of canned foods.

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Appreciation for Speakers, Allied Trades, and Press

WHEREAS, the success of the 1947 Annual Convention may be attributed in large measure to the contributions of the guest speakers, to the cooperation of the allied industries, and to the coverage of daily and trade press and radio networks; therefore, be it

RESOLVED, that the President and Secretary of the Association are hereby directed to express to each of them the Association's sincere appreciation of their friendly cooperation and valuable contributions.

Site for Next Convention

RESOLVED, that the President of the National Canners Association be authorized to act for the Association in selecting the location for the next Annual Convention.

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Necrology

The annual cycle of conventions brings with it the sorrowful task of recording the passing of friends of many years' common endeavor in the conference room, the factory, and the marketplace. During 1946 we have had to mourn the loss of many who have given valued counsel and leadership to the canning industry.

A. W. BITTING, 75, died in May, a pioneer in food technology and formerly of the Washington Research Laboratory of the Association.

F. T. CLARK, died February 23, president of the Waupun Canning Company, and active in the affairs of both the Wisconsin Canners Association and of the National Canners Association which he served as a director in 1937 and 1938.

CHARLES S. CRARY, died March 16, the second president of the National Canners Association and one of its original organizers, having served during the first year of the Association's life as vice president and as president for two terms in 1908 and 1909.

HAROLD D. DESHON, 59, died July 18, president of the Smithfield Pure Food Co., Inc., a former director and member of many committees of the Association.

ARTHUR C. DORRANCE, Sr., 53, died September 21, president of the Campbell Soup Company, who served the Association in many capacities, as a director in 1927 to 1929, a member of the Scientific Research Committee from 1927 to 1930 and of the Administrative Council from 1927 to 1945.

HENRY F. FORTMANN, 89, died May 21, a pioneer in the Alaska salmon canning industry and former president of the Alaska Packers Association and an outstanding member of both the National Canners Association and the Association of Pacific Fisheries.

HARRY IMWOLD, 68, died July 31, president of the W. F. Assau Canning Co., Baltimore, Maryland, and a former director of the Association.

MILTON J. ROSENAU, 77, died April 9, a scientific investigator of outstanding achievement who conducted many researches in cooperation with the Association.

STEPHEN M. RYDER, 88, died August 31, of the Chisholm-Ryder Company, president of the Canning Machinery and Supplies Association in 1930 and 1931 and a member of the Old Guard Society of the industry.

JOHN BURNETT STOKELY, 41, died November 25, executive vice president of Stokely-Van Camp, Inc., a descendant of an old canning family and a director of the Association from 1932 to 1934 and a member of its Finance Committee during 1944-45.

CARLTON F. STURDY, 58, died July 25, lecturer and special representative of the American Can Company and widely known for his discussions on canned foods.

LEROY A. TAYLOR, 48, died October 26, Empire State Pickling Company. At the time of his death he was chairman of the N.C.A. Statistics Committee and formerly was secretary of the Association of New York State Canners and served as secretary of the N.C.A. Planning Committee and directed its Manpower Division.

F. A. TORSCH, 89, died September 19, one of the founders of the Torsch Canning Company, Baltimore, active in the affairs of both the National Canners Association and the Tri-State Packers Association and former president of the Baltimore Canned Foods Exchange.

N.C.A. Guest Appearances

During Convention Week several of the N.C.A. personnel made guest appearances at outside meetings and radio broadcasts. Retiring President Fred A. Stare gave a talk on descriptive labeling at the Opening Session of the Convention of the National-American Wholesale Grocers Association at Hotel Ambassador on Monday, January 20. On Thursday, January 23, Mr. Stare was interviewed on a radio program over Atlantic City Blue Network Station WFPG.

President-elect Emil Rutz was the guest speaker at the weekly luncheon of the Atlantic City Kiwanis Club, where he described some of his experiences and impressions derived during his recent trip to Europe.

Secretary Carlos Campbell was interviewed on the Farm Journal program of the Columbia Broadcasting System on Saturday afternoon, January 25, the broadcast taking place at Washington's Station WTOP with Congressman Clifford R. Hope, Chairman of the House Agriculture Committee, among others interviewed on the same program.

Happer Payne, Director of the Association's Labeling Division, made three guest appearances during the Convention, speaking on descriptive labeling at the Tuesday luncheon of the Label Manufacturers National Association, and at two separate sections of the NAWGA's meetings on Tuesday and Wednesday.

Reports of N.C.A. Committees

Thirteen of the Association's committees held special meetings at the Convention, and following usual procedure, reports on these meetings were made either to the Administrative Council or the Board of Directors, or both. In some cases these reports were informal; others were fully written out and formally presented by the respective chairmen to the Directors for discussion and approval.

Formal reports of the following committees whose meetings were held January 18, will be found in this department of the Convention issue of the LETTER: Labeling, Statistics, Foreign Trade, Consumer Complaint, Raw Products, and Home Economics. Also, the report of the Research Advisory Committee, which met in Washington, D. C., earlier.

The Committee on Simplification of Containers met on January 18. Following a full and complete discussion of can size standardization, the Committee voted to recommend to the Board that the Association conduct an independent survey of industry opinion on the size cans to be included in voluntary standardization and go on record as opposed to government control of can sizes. The Committee voted to defer action on questions of tin plate specifications for a later meeting.

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REPORT OF THE COMMITTEE ON SCIENTIFIC RESEARCH

By H. N. Riley, Chairman

The Committee, consisting of H. E. Gray, Harold J. Humphrey, John T. Knowles, R. E. Sanborn, G. C. Scott and H. N. Riley, with Marc C. Hutchinson and Harold F. Marvin absent, met at Washington, D. C., on January 16, with the Directors of the Washington and Western Branch Laboratories. The entire day was spent examining the budgets and expenditures for 1946 and the proposed budget for 1947. Considerable time was devoted to a review of the work for the past year, which is covered in detail in the Annual Report to the Research Committee, which as usual will be sent to each member of the Association, for discussion of the proposed work for 1947.

The proposed budget which the Committee approved calls for an expenditure of $31,230 over the budget of 1946. It calls for an expenditure of $42,500 over the actual expenditure of 1946. The budget for 1947 has been carefully conceived and we feel represents the actual expenditure it will be necessary to make. It does not contain any provision for unforeseen contingencies. This increase of $42,500 over actual expenditures of last year is made up of $18,000 for salary increases, $13,000 for additional personnel, and approximately $11,000 for increased operating expenses.

We must recognize that we are in an era of inflation and because of this it is necessary to not only grant salary increases for merit but also to meet increased living expenses. It is an interesting footnote that in the last few years the pay of technical personnel in Government employ has increased until it is at a higher rate than that in industry, and it is futile to hope to have this condition continue unless industry is going to be willing to employ second-rate workers. The Committee further feels that in this type of work it is necessary to get men of the best ability, otherwise the money expended would be wasted, and we therefore feel that the salary increases agreed to are amply justified.

The item of $13,000 for additional personnel is made up principally to cover the need for an additional microanalyst in the Washington Laboratory, part pay for a nutritionist; and, in the case of the Western Laboratory, for non-technical help badly needed to increase the efficiency of the technical staff.

The $11,000 for increased operating expenses is made up of $2,500 needed for the Washington Laboratory for incidental increases, and of $8,500 for the Western Branch Laboratory. This increase for the Western Branch is made necessary by an increase in the rent of $4,900 for premises we are now occupying.

The operating expenses covering the cost of travel on the program set forth for the Western Branch Laboratory indicate that an additional $2,500 is necessary for that item. This accounts for $7,400 of their estimated increase, and the rest is for incidental expenses for replacement and some additional equipment.

Because of these justifiable increases, the Committee recommends a budget of $233,520, exclusive of the sanitation program. For the past two years the sanitation program has been supported under a special grant of $50,000 a year, and on recommendation of the Secretary of the Association it is felt wise this year to include it in the research laboratory budgets. However, the Committee recommends that it maintain its identity as a special item as we feel that the industry should be conscious of the amount of money being spent for this purpose, and every effort should be made to see that this money is spent for this special purpose and is not diverted to other uses. Adding this $50,000 to the above figure we arrive at a budget of $283,520 for the coming year. The records show that $28,000 was spent for sanitation this past year. It is the intention, however, to push the program with even more activity than last year and since all this work must be done in the field, this will require additional expenditure for travel. Both the Western Branch and Washington Laboratories have now in their employ two full-time sanitarians, and there is every reason to believe that $50,000 will be expended on this subject.

The Committee spent some time on the activities of the last year and feels that the work the Laboratories are doing in the field with the mobile units that are coming into use is of direct interest and service to all members of the Association.

The subject of food standards is becoming of greater importance and will require considerable thought and activity on the part of the Laboratory personnel. Both Laboratories are also called upon to cooperate closely with the Labeling Committee.

The field of insect infestation presents problems that require the attention of each Laboratory both as to methods of detecting contamination and means of preventing infestation in the field. There is every indication that we will need to build up our

microanalytical work in both Laboratories.

Much time in both laboratories is devoted to cooperation with the sanitary and nutrition programs. We feel that the time is well spent in attempting to get better stream-lined equipment to help with some of our sanitation and nutrition problems. With this end in view, both laboratories are cooperating to the fullest extent with machinery manufacturers. The planning of the nutrition program also places some burden on both directors.

In addition to the special projects under way, we all recognize that both laboratories have to stand by to take care of emergencies as they arise, and it is necessary to have a well-organized team in both locations for these unforseen contingencies.

The Committee went on record as feeling that the facilities available at both the Washington Laboratory and the Western Branch Laboratory are very inadequate. We feel that it is short-sighted to employ staffs of the caliber we have in both locations and not furnish them with the proper work house and tools. For this reason the Committee wishes to go on record as being heartily in favor of a prompt development of plans for the new building project in Washington, and hopes that every consideration in the plans for any such building will be given to the facilities provided for the scientific staffs. The Western Branch Laboratory is now operating in three different locations none of which is adequate, and it would seem very advisable that consideration be given to a new laboratory building in the Bay area, possibly outside of metropolitan San Francisco, where the work can be carried on more efficiently under proper conditions. The Scientific Research Committee has passed a resolution recommending that a committee be appointed to study the problems of the Western Branch Laboratory and to present a recommendation to the May meeting of the Board.

REPORT OF ASSOCIATION'S COMMITTEE ON STATISTICS

By W. F. Dietrich, Chairman

The Committee on Statistics held a meeting on January 18 and submits the following report to the Board of Directors:

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The Committee is concerned, not only with the immediate program of the work of the Division for the coming season, but looks forward to the development of an overall economic and statistical program for the industry.

It is planned to hold another meeting of the Committee next spring prior to the Board of Director's meeting, at which time further suggestions will be made. Such a program would be predicated upon supplying to the industry those types of information that they wish in carrying on the operation of their businesses.

Pack and Stock Service

The Division collects pack information annually on most seasonal fruits and vegetables and on baby food. A report on canned meat and poultry packs also is compiled at the request of the National Meat Canners Association. The N.C.A. stock reporting service this season includes 12 commodities. The frequency of these stock reports varies from once a year for catsup to nine in the case of green peas and ten for sweet corn.

In addition, the Canners League of California issues stock reports twice a year, and the Florida and Texas State Associations issue stock reports on canned citrus.

Prior to the war, the industry's stock reporting service was supplemented by quarterly wholesale stock reports on the major seasonal fruits and vegetables compiled by the Department of Commerce. During the war and currently, the Department of Commerce has collected canner packs and stocks and wholesaler stocks monthly on an extended list of fruits and vegetables. Budget Bureau approval for the Department of Commerce to collect the canner figures has been extended to March 1, 1947. It is our understanding and sincere desire that the Department of Commerce continue collecting wholesale stocks. We are also sympathetic to and suggest a proposal for government collection and compilation of an index of retail stocks of the principal canned foods.

The industry is on record through resolution of the Board of Directors as endorsing the collection of canner packs and stocks by their State and National Associations rather than by government agencies. The advantages for the compilation of packs and stocks by the industry include the fact that the reports can be issued more promptly, reports can be provided in greater detail, and better cooperation can be obtained in securing return of the information needed to compile the reports. It is proposed that the Association canvass canners to obtain an expression as to the commodities for which canner pack and stock reports are desired and the frequency with which such reports are wanted. The Committee takes the position that if any commodity group desires the canner pack and stock reporting service for that particular commodity such information should be provided. The Committee intends to report on this matter at the May meeting of the Board and to make a specific proposal.

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Although information on selling prices would be an important part of a well-rounded statistical service, the present published information leaves much to be desired. In view of the legal aspects the only feasible place for the establishment of such a service, if the industry desires it, would be by a government agency. The Committee intends to look into this matter further and report to the Board.

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Information on various statistics, issued by other than N.C.A. such as acreage and production indications, cold storage holdings, wholesale stocks, etc., are currently being carried in the INFORMATION LETTER. During the current season, information on exports and imports, carloadings of fresh fruits and vegetables, weather data, and indices of demand and price levels will be added. It is also planned to make available in the future in the LETTER various articles of a statistical or economic nature.

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Economic Research

Economic research may be grouped under primary or secondary research. Primary research would involve chiefly surveys and analyses on such subjects as family food expenditures, consump-

Reports of N.C.A. Committees

Thirteen of the Association's committees held special meetings at the Convention, and following usual procedure, reports on these meetings were made either to the Administrative Council or the Board of Directors, or both. In some cases these reports were informal; others were fully written out and formally presented by the respective chairmen to the Directors for discussion and approval.

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Economic Research

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tion by income levels, differences between urban and rural consumption, geographical differences in living conditions, etc. The budget for the Division of Statistics will not permit extensive work along these lines. Secondary economic research consists of economic and statistical analyses based on existing information. A good deal of this work can be done by the Association. Under the Hope-Flannagan Act, the U. S. Department of Agriculture is given authorization, but not specific funds, to compile information and make investigations into virtually anything directly or remotely related to agriculture or the distribution of agricultural products. Regardless of the extent of work done under the program there is a vast amount of data compiled by various government agencies and others which, if properly assembled and presented, will be of great interest and benefit to the industry. It is our plan and hope to develop this work in the economic and statistical programs of the Association.

REPORT OF FOREIGN TRADE COMMITTEE

By Stanley Powell, Chairman

The Special Committee on Foreign Trade of the Association met on Saturday morning, January 18. The Committee reviewed in detail the activities which had been carried on under its direction by the Foreign Trade Service of the Association and the objectives which had been sought during the past year.

After careful review and consideration, the Committee concluded to recommend to the Board of Directors that a Special Committee on Foreign Trade be continued and that an adequate budget be provided for the continuation of the activities of the Foreign Trade Service of the Association. The principal activity would be the continuation of the weekly letter, which was to be limited to data and information concerning international trade, and the preparation of general information for inclusion in the Association's INFORMATION LETTER. The Committee based its recommendations upon its belief that the subject of foreign trade continues to be a matter of cardinal interest to the industry and affected, both directly and indirectly, not only those immediately interested in export trade but all other canners.

Extensive discussion was had of the status and probable outcome of the pending negotiations for reciprocal trade agreements with designated foreign countries. The Committee reviewed the work done in connection with the preparation of briefs by interested groups of canners and the preparations being made for oral appearances at the various panels of the Committee for Reciprocity Information. Suggestions were advanced for the improvement of this process.

Allan Walker, Director of the Association's Foreign Trade Service, presented a resume of the recommendations made by the delegates to the Food and Agriculture Organization (FAO) at its recent Washington meeting. It was pointed out to the Committee that the FAO was part of the United Nations and that its operations would be continued. The Committee also considered the current activities of the International Emergency Food Council in recommending allocations of food commodities in short supply.

The governmental policy in directing the exportation of tinplate also was reviewed. It was reported that for the first calendar quarter of 1947 some 55,000 tons of tinplate, together with a carry-over of 75,000 tons from 1946, were scheduled for export. The Committee recommended that the Foreign Trade Service continue to collect all data on tin for transmission to the Special Committee on Tinplate.

The international aspects of proposed extension of legislation covering imported foreign labor were reviewed by the Committee which concluded that this subject properly fell within the jurisdiction of the Association's Committee on Manpower.

H. Thomas Austern, of Association Counsel, reviewed for the Committee the basic provisions of the proposed Charter for the International Trade Organization with particular reference to the proposed international commodity agreements. It was recommended that the attention of all State and regional and commodity associations be directed to the forthcoming hearings on this charter to the end that its possible application to canned fruits and vegetables and fish might be developed.

Foreign labeling requirements were also discussed and the Committee directed Mr. Walker to develop a program looking to the recommendation to foreign commercial attaches of uniform labeling provisions. The suggestion was advanced that at some future date it might be possible to prepare a foreign labeling handbook.

The Committee recommends that the foreign trade program be reviewed at the May meeting of the Directors and again at the next Annual Convention.

CONSUMER CLAIMS

By Dan F. Gerber

At a meeting held in Atlantic City on January 18, 1947, attended by A. T. Williams, C. J. Meister, E. R. Elwell, Steve Nisbet, representing Chairman Gerber, Forrest F. Heaton of the Association staff, and Howard Castle, of N.C.A. counsel, the question of a suitable name for the department handling consumer claims involving members' products came up for discussion and it was unanimously decided that the department should hereafter be called Claims Division.

* * *

The Committee also discussed the question of bringing this branch of the Association's service to the attention of more canners, throughout the industry, and emphasizing the value of the service not only from an industry standpoint but from that of the individual canner. It was agreed that one of the best means of accomplishing this end would be to include a discussion of this question at all State and regional canners meetings. It was also agreed that reference to this branch of the Association's service should be made from time to time in the Association's INFORMATION LETTER, as has been the practice in the past, and that wider distribution, if possible, should be given to the bulletin "Consumers' Claims Against Food Canners" among the members of the industry.

RAW PRODUCTS COMMITTEE

By H. J. Barnes, Chairman

1. The Raw Products Committee of the National Canners Association endorses the work of the National Joint Committee on Fertilizer Application which sponsors research on fertilizer application and the development of new machinery to make such applications; and recommends that the Association, if invited, shall become one of the member-organizations. There are no financial obligations incurred in this action.

2. The Committee recommends that a special committee of eastern tomato canners be appointed to expedite securing badly needed supplies for Georgia tomato plant growers.

3. The Committee recognizes the need for increased research on the development of agricultural machinery and equipment, and that the Agricultural Engineering Research Division of the U. S. Department of Agriculture should have more funds for this type of research. Therefore, since the U. S. Bureau carries on research in cooperation with the State Experiment Stations, the Committee recommends that the industry ask for increased funds for this type of research through their State associations.

4. The Committee recommends that the N.C.A. Raw Products Bureau, the Labeling Division, and the Research Laboratories cooperate on studies of "Standards of Identity and Quality" and studies on objective tests of quality involving differences in types of raw products.

REPORT OF THE N. C. A. LABELING COMMITTEE

By E. B. Cosgrove, Chairman

During 1946 the labeling program has made definite progress in several directions.

Citrus products present many peculiar difficulties. However a committee of citrus canners representing the Florida, Texas, and California-Arizona areas met in April and made a series of tentative labeling recommendations. Now that the industry has had opportunity to consider these recommendations, the citrus committee has been requested to hold another meeting to make final recommendations.

If the Food and Drug Administration action on Standards for Green and Wax Beans and for corn should require reconsideration of the present voluntary labeling recommendations, provision has been made for corn and bean commodity committee meetings.

A large amount of scientific work was accomplished in 1946, most of which was done by Dr. Amihud Kramer at the University of Maryland under a grant of the Labeling Committee, authorized by the Board of Directors. Emphasis during 1946 was on color measurements as an objective test for the ripeness of peaches and apricots. Two hundred special peach samples and 86 apricot samples were packed and color measured by two different methods. The San Francisco Laboratory supervised the packing of all western samples.

The Western Branch Laboratory also arranged for cutting of these samples for examination by some 50 California and Northwest canners for the purpose of evaluating their degree of ripeness. Like every other major project several season's work is necessary on these ripeness studies and arrangements have been made for continuing them in 1947.

Other laboratory work on peas, corn, green and wax beans, and lima beans was continued and will be carried on in 1947 under an extension of the grant to the University of Maryland. A limited amount of preliminary and exploratory laboratory work will be done on asparagus and on the color of cherries.

All the laboratory work has been correlated and supervised by Howard Smith of the staff, who should be highly commended. The Technical Advisory Committee to the Labeling Committee, under the able chairmanship of Ralph E. Sanborn, has made valuable contributions to the scientific phases of the labeling program.

Much of the scientific work on labeling dovetails with the work which must be done in connection with Food and Drug Administration hearings on Federal standards. If, as we expect, the Food and Drug Administration extends the scope of its standards, the basic work in connection with the voluntary labeling program will prove, as it always has, to be of great value.

During the year eight regional cuttings which included corn, peas, apricots, peaches, and tomatoes were made in California, the Northwest, Minnesota, Wisconsin, Illinois and Utah so that canners might see for themselves and for their own products the levels at which standards have been set by the National Commodity Committees for voluntary label recommendations.

As everyone knows, conditions in the labeling manufacturing industry have not been conducive to many label changes. In spite of that, an encouraging number of label changes completely in line with labeling recommendations were completed this year. The Labeling Division has made many contacts with label manufacturers, canners and distributors during the year and your Labeling Committee has instructed the Labeling Division to intensify this work in 1947. There is reason to anticipate that other canners and distributors in increasing numbers will follow the Association's recommendations for voluntary labeling.

There is growing evidence that the value to the consumer of this labeling program is being increasingly recognized in important consumer and educational circles. In some very important consumer quarters the N.C.A. program of label improvement is being publicly recognized as worthy of emulation by other industries.

The Labeling Committee examined the proposed budget for labeling purposes in 1947 as submitted to the Administrative Council on Saturday, January 18, and approved it.

(EDITOR'S NOTE—This report was concluded with the text of a resolution on labeling recommended by the Committee. Inasmuch as the Convention passed the resolution, without change, it is not reproduced here, but is carried with the full set of N. C. A. Resolutions on page 64.)

HOME ECONOMICS

By Henry P. Taylor, Chairman

The Home Economics Committee of the National Canners Association met January 20, 1947, with the following members in attendance:

Henry P. Taylor, Chairman; Wilmot Rogers, Ennis Parker, W. E. Beach, Ray Peterson, and Kenneth Boucher.

The report of last year's work prepared by Miss Marjorie H. Black was read and approved.

Mr. Taylor reported that a recommendation had been made by the Administrative Council and approved by the Board of Directors that this committee should recommend to the May meeting of the Board specific plans for the expansion of the work of the Home Economics Division.

After discussion it was decided that the present Home Economics Committee would cease with the Convention and that the recommendations in May would have to be made by the committee appointed by the in-coming President of the Association, but that the present committee should make recommendations for the consideration of the in-coming committee.

Miss Katherine R. Smith, Director of the Division, on the request of the Committee, then outlined the plans which, subject to the approval of the Committee, she had prepared for the coming year, and the Committee instructed her to proceed with them until such instructions were changed by the in-coming committee, and specifically approved the following:

Placing copies of the technical publication now being prepared by the Laboratory covering results of the nutrition studies made under the program of research sponsored jointly by the National Canners Association and the Can Manufacturers Institute in the libraries of colleges and universities and with leaders of nutrition over the country.

Preparing a publication to be used in connection with teaching home economics in high schools, to be ready for September distribution.

Preparation of a family-serving recipe book.

The committee made certain recommendations for the consideration of the in-coming committee, these to be placed before it promptly.

The committee also recommended to the Executive Committee of the Association the immediate employment of a home economist, as an assistant to Miss Smith.

BOARD OF DIRECTORS MEET

(Continued from page 25)

Authorizing the constitution of three new Special Committees—the Western Branch Laboratory Site Committee, empowered to obtain a site and execute plans for an adequate building to house that branch of the Association's Research Division; the Public Relations Advisory Committee to survey the Association's public relations activities with a view to making recommendations at the next Board meeting; and a Conference Committee to discuss with a wholesale grocers' committee such questions of common interest as may appropriately be considered; and authorizing also the reconstitution of the Special Committees on Manpower, Convention, Foreign Trade, and Building, whose terms

would have otherwise automatically expired.

Adopting the Administrative Council's recommendation for continuance during 1947 of the current rate of membership dues—3/10ths of a cent per case on seasonal products and 3/20ths of a cent on non-seasonal.

Authorizing a new nomenclature—Claims Division—for the Association service formerly referred to as Consumer Complaint Service.

Adopting the Raw Products Committee's recommendation that the Association become one of the member-organizations of the National Joint Committee on Fertilizer Application.

Approving reports of the Committee on Statistics, of the Trust Indenture Fund, and of the Special Committee appointed to study and make recommendations with respect to changes in policy considered advisable and the staffing of the association to carry out its objectives.

Adopting the recommendation of the Administrative Council that the Home Economics Committee make a study of the work of that Division and bring in suggestions for expanding the program at the next meeting of the Board.

Approving the 3rd Annual Report of the Board of Trustees of the N.C.A. Retirement Plan, which was presented by Albert M. Lester.

Secretary Carlos Campbell explained the 1947 budget, copies of which had been previously distributed to the Board members, and acceptance was moved and seconded. The budget proposes expenditures totaling $870,000, leaving an operating fund estimated balance at the close of the year of $226,154. The amounts compare with the budget estimate of $807,630 for the past year and with 1946 expenditures totaling $701,732.

The report of the Committee on Statistics was made by Chairman William F. Dietrich and is presented in full on page 67.

A partial report of the Consumer Complaint Committee, which was read to the Directors by Forrest F. Heaton, Director of the N.C.A. Consumer Claims Division, will be found on page 68.

Henry P. Taylor, Chairman of the Association's Home Economics Committee, described to the Board the objectives, program and procedure of the work of that Division. His comments were made prior to the meeting of his Committee, which was scheduled for the following day, but after the meeting Mr. Taylor prepared a report of which the major portions are presented on page 69.

H. N. Riley, Chairman of the Scientific Research Committee, presented to the Board a report of the meeting of that Committee held in Washington on January 16, which discussed the budget for the laboratories, the need for additional personnel and for better housing and equipment, and plans for expansion of the sanitation program. Text of this report is carried on page 66.

Stanley Powell, Chairman of the Foreign Trade Committee, reported on the meeting of that Committee held in Atlantic City January 18 and presented to the Directors recommendations that the foreign trade activity be continued under the present direction for about one year; that the program for this service be reviewed at the next meeting of the Directors in May and again at the next annual convention; and that additional personnel be employed for this work, and additional funds appropriated. Mr. Powell's report is reproduced on page 68.

Discussions of labor matters, allocation and rationing, and sugar problems were led by Walter L. Graefe, Chairman of the Legislative Committee, and by H. Thomas Austern, of Association Counsel, and the attitude of the Directors on these matters is incorporated into resolutions that were passed at the closing general sessions. (See page 64.)

Chairman H. J. Barnes of the Raw Products Committee reported on that Committee's meeting on January 19 and text of his report is reproduced on page 68.

The report of Chairman E. B. Cosgrove of the Labeling Committee was read to the Directors by Happer Payne, Director of the Labeling Division. It contained the proposal for a resolution on descriptive labeling, which was passed by the Convention at the closing general session and text of which will be found in the list of N.C.A. resolutions on page 64. The full text of Mr. Cosgrove's report is carried on page 69.

In the report of Marc C. Hutchinson on the Special Committee appointed to study and make recommendations with respect to changes in policy considered advisable and also to staffing of the association to carry out its objectives it was recommended that the subject of cost accounting be given further consideration by the Association and its importance brought to the attention of the industry. It was also recommended that the Association add to its staff a public relations man of experience and recognized ability. Another recommendation was to continue the policy of gathering in Washington such representatives of the industry as are best fitted to confer with the Government on industry problems. The report recommended finally that the officers of the Association meet at least four times during the year, or more often, if deemed necessary, for consultation, advice and direction in handling the affairs of the Association.

Convention Facilities

The Association, in its headquarters at the Traymore Hotel, conducted a number of operations and manned several departmental offices for the convenience of members in attendance throughout convention week.

In the main lobby a large Information Office was established where staff members answered questions regarding locations of firms, individuals, meeting schedules, and miscellaneous items of information. This office passed out a supply of Convention programs, hotel room directories, and other Association publications.

The N.C.A. Press Room and adjoining Mimeograph Room was in operation off the Traymore Fountain Room and took care of the needs of more than a hundred representatives of newspapers, magazines and wire services who were covering the Convention. Addresses and statements of speakers were run off on the mimeograph, as fast as they were presented, and copies of these, as well as photos and biographies of speakers and officers were passed out personally or mailed to home offices, as requested. Daily press releases were issued at the Press Room and the staff was available to assist writers and reporters at all times.

Nearby were the offices of the N.C.A. Raw Products Bureau and the Research Laboratory, available in each case to canners for conferences with members of the staff and for special information and assistance.

Also in this area, offices were set up for the use of representatives of the Department of Agriculture, the U. S. Employment Services and the Quartermaster Corps, with representatives of these agencies on hand for conferences with canners.

Offices on the first floor of the Traymore were utilized by N.C.A. Counsel and staff; by the Fish and Seafood staff; the N.C.A. Foreign Trade

Service; and the U. S. Fish and Wildlife Service.

The Association also operated an Information Office in a central booth in Convention Hall, using space donated by the Canning Machinery & Supplies Association. This booth was manned by N.C.A. personnel, was decorated with displays of some of the Association services, and supplied with copies of Association publications.

Also the Association arranged, through the managers of the seven hotels allotted to N.C.A., for the accommodation of 75 various luncheons, dinners, meetings, and other affairs requested by canner members and other factors in the trade during the Convention.

USES at Convention

As the result of invitations extended to the United States Employment Service a number of representatives from its national and field offices, including Robert C. Goodwin, Director, attended the Convention. Headquarters for these individuals was maintained in the Traymore Hotel and a conference was held on Tuesday afternoon for the discussion of labor supply problems with employers.

On the basis of pre-season estimates of labor needs now being carried on by local employment offices, and the conferences and discussions with employers at the convention, the labor supply for in-plant operation at peak seasons seems reasonably assured, according to USES reports. Local offices serving canning plants are confident that local area recruitment, supplemented by in-movement of workers from labor supply areas, will meet all anticipated demands. The USES and its affiliated State employment services will carry on substantially the same type of recruitment program as was in effect during the war period.

Publications for the Convention

The Association, in the weeks and days immediately preceding the Convention, prepared and produced a number of publications, some specifically for use at the Convention; all of them required to be ready for first issuance there with continued distribution to follow. These were:

1. "By-Laws of the National Canners Association (revised edition), 8-page booklet.

2. "The National Canners Association; Its Organization, Facilities, Management, Functions and Policies in Serving the Individual and the Industry". This is a 22-page booklet which replaces the former publication "Your Association at Work" and is used to acquaint members and prospective members with the benefits of N.C.A. membership.

3. "40th Anniversary; National Canners Association". This is a 36-page, 3-colored illustrated booklet designed as a souvenir for the Frank E. Gorrell Testimonial Dinner, for distribution to membership and for publicity purposes. It contains a history of the Association, with illustrations of each of its succession of presidents and thumbnail reviews of each administration, along with an illustrated character study of Mr. Gorrell.

4. "Convention Room Directory". 65 pages of hotel room information for use at the Convention giving room and hotel locations of members of N.C.A., National Food Brokers Association, Canning Machinery & Supplies Association, many of the distributor organizations and other food packing groups, government representatives and press.

5. Annual Report of the Secretary and Treasurer. Booklet of 44 pages, presenting the Secretary's review of the Association's program and activities for the year 1946 along with the auditor's report on the books of the Association.

6. Annual Report to the Research Committee. Reviewing the activities of the Association's Laboratories and research programs of the year. 36 pages.

A copy of the By-Laws; National Canners Association: Its Organization, Facilities, Management, Functions, and Policies in Serving the Individual and the Industry; 40th Anniversary National Canners Association; Annual Report of the Secretary and Treasurer; and Annual Report to the Research Committee, have been mailed to each member of the Association.

Officers Elected by Other Associations

Officers of canning machinery, preserver, food broker, grocers organization and the Corn Canners Service Bureau, elected at their respective annual meetings last week in Atlantic City, are as follows:

Canning Machinery and Supplies Association

President—Roscoe M. Roberts, American Can Company, New York, N. Y.; vice president—T. C. Whetzel, Ass't. Sales Mgr., Tin Plate Division, Carnegie-Illinois Steel Corp., Pittsburgh, Penna.; secretary-treasurer—S. G. Gorsline, Battle Creek, Mich. (re-elected for his 18th consecutive term).

National Preservers Association

President—T. N. St. Hill, Tea Garden Products Co., San Francisco, Calif.; first vice president—George Senn, Senn Products Corp., Brooklyn, N. Y.; second vice president—R. J. Glaser, Glaser Crandell Co., Chicago, Ill.; third vice president—Charles F. Kern, Kern Food Products, Inc., Los Angeles, Calif.; secretary-treasurer—Lloyd H. Smith, Bliss Syrup & Preserving Co., Kansas City, Mo.; manager—M. L. Walde, Washington, D. C.

National Food Brokers Association

President—Watson Rogers, Washington, D. C.; national chairman—E. W. Peterson, Peterson & Vaughan, Inc., Detroit, Mich.; first vice chairman—Jack L. Gentry, Peterson & Vaughan, Inc., Spartanburg, S. C.; second vice chairman—Ralph D. Davies, Ralph D. Davies, Inc., Cincinnati, Ohio; third vice chairman—Ed. W. Jones, Meinrath Brokerage Co., Kansas City, Mo.; treasurer—Harry Cook, Harry B. Cook Co., Baltimore, Md.; member-at-large on the executive committee—Leo D. Gatlin, Mailliard & Schmiedell, Los Angeles, Calif.

National American Wholesale Grocers Association

President—Francis L. Whitmarsh, Francis H. Leggett & Co., New York, N. Y.; executive vice president-secretary—M. L. Toulme, New York, N. Y.; treasurer—J. Stanley Seeman, Seeman Bros., Inc., New York, N. Y.; chairman of board—Roland B. Caywood, H. D. Lee Co., Kansas City, Mo.; assistant secretary — Edward F. Phelps, Jr., New York, N. Y.

Corn Canners Service Bureau

President—J. LeRoy Farmer, Cedar Rapids, Iowa; vice president (West)—John P. Kraemer, Mammoth Springs Canning Co., Sussex, Wisc., vice president (East)—T. Stran Summers, Charles G. Summers, Jr., Inc., New Freedom, Penna; secretary—Luther Swaim, C. W. Swaim Canning Co., Wilmington, Ohio; executive secretary-treasurer—Harvey R. Burr, Chicago, Ill.

Young Guard Society

President—Herbert Young, Stokely Foods, Inc., Indianapolis, Ind.; first vice president—Paul V. Smith, Continental Can Company, Syracuse, N. Y.; second vice president—William A. Cole, Independent Lithograph Company, San Francisco, Calif.; treasurer—Robert W. Mairs, H. J. McGrath Company, Baltimore, Md.; secretary—William A. Free, Hungerford Packing Company, Hungerford, Pa.

Old Guard Society

President—A. F. W. St. John, Worcester Salt Company, Columbus, Ohio; first vice president—Arthur I. Judge, Editor of *The Canning Trade;* second vice president—William C. Schorer, Sauk City Canning Company, Sauk City, Wisc.; secretary-treasurer—S. G. Gorsline, Battle Creek, Michigan.

Association of State and Regional Secretaries

President—M. A. Clevenger, executive vice president, Canners League of California, San Francisco, Calif.; vice president—C. C. Rathbun, executive secretary, Florida Canners Association, Tampa, Fla.; secretary-treasurer—W. D. Jones, secretary and treasurer, Illinois Canners Association, Streator, Ill.

State Secretary's Dinner Held At Annual Convention

The annual dinner tendered by Secretary Carlos Campbell for the Association of State and Regional Secretaries was given Sunday evening, January 19, with close to 100 percent attendance on the part of the secretaries, and with some of the members of the N.C.A. staff present also.

Feature of the meeting was discussion of methods to continue the traditional cooperation between the local and the national organizations.

Canned Food Statistics

1946 Tomato Juice Pack

The 1946 canned tomato juice pack totaled 30,525,274 actual cases, or 34,900,000 cases basis 24/2's, establishing a new record high, reports compiled by the N.C.A. Division of Statistics reveal. The next largest pack was the 1944 tomato juice pack which totaled 26,487,392 actual cases, or 30,809,000 cases basis 24/2's. These reports cover tomato juice, tomato juice cocktail and mixtures containing 70 percent or more of tomato juice, the Division said.

The following table shows the 1946 pack of tomato juice, tomato juice cocktail and mixtures containing 70 percent or more tomato juice as compared with the 1945 pack:

	Cans per case	1945 *Cases*	1946 *Cases*
8 Z tall (incl. 8 Z short)	48	.....	.....
No. 1 picnic	48	.....	.....
No. 211 cyl.	48	.....	.....
No. 300 (incl. all 300 cans from 407 to 412)	48	118,490	7,335
No. 1 tall	48	18,110	.....
No. 303 cyl.	24	20,953	2,153
No. 2	24	10,050,002	13,545,926
No. 2 cyl. (incl. all 307 cans from 505 to 513)	24	11,299	27,439
No. 3 cyl. (incl. 404 cans from 615 to 708)	12	11,237,088	14,198,097
No. 10	6	2,551,330	2,035,045
Miscellaneous tin and glass		545,581	709,279
Total		24,552,853	30,525,274
Total (basis 24/2's)		28,389,140	34,900,000

Canned Tomato Juice Stocks

The civilian supply of canned tomato juice, tomato juice cocktail, and mixtures containing 70 percent or more tomato juice for the 1946-47 marketing season totaled 35,276,000 cases basis 24/2's, compared with 28,409,000 cases for the 1945-46 season, the N.C.A. Division of Statistics reports.

Civilian stocks on January 1, 1947, totaled 11,503,000 cases basis 24/2's, compared with January 1, 1946, stocks of 7,432,000 cases. Civilian shipments out of canners' hands from August 1 to January 1 of the current marketing season totaled 23,773,000 cases, basis 24/2's, compared with 20,977,000 cases for the corresponding period of the 1945-46 season.

Details concerning supplies, stocks, and shipments of canned tomato juice, tomato juice cocktail, and mixtures containing 70 percent or more tomato juice, as compiled from reports received from canners, follows. (The January 1 stocks are based on reports from canners who packed about 90 percent of the 1946 pack, together with estimates for those not reporting.):

Supply, Stocks and Shipments Tomato Juice and Tomato Juice Cocktail

	1945-46	1946-47 (Cases—basis 24/2's)
Civilian carryover stocks, Aug. 1	200,000	500,000
Pack	28,389,000	34,900,000
Total supply	28,589,000	35,400,000
Government purchases	180,000	(a)124,000
Civilian supply	28,409,000	35,276,000
Civilian stocks, Jan. 1	7,432,000	11,503,000
Civilian shipments, Aug. 1 to Jan. 1	20,977,000	23,773,000

(a) Announced government procurement.

Civilian Stocks of Canned Tomato Juice and Tomato Juice Cocktail in Canners' Hands, January 1, 1947

	Cans per case	1946 Pack *Actual cases*	Jan. 1, Stocks *Actual cases*
No. 211 cyl.	48	.....	.....
No. 300	48	7,335	.....
No. 1 tall	48	.....	.....
No. 303 cyl.	24	2,153	2,012
No. 2	24	13,545,926	4,354,313
No. 2 cyl.	24	27,439	1,079
No. 3 cyl.	12	14,198,097	4,816,883
No. 10	6	2,035,045	757,799
Misc. tin & glass	..	709,279	67,049
Total (actual cases)		30,525,274	9,999,735
Total (basis 24/2's)		34,900,000	11,503,000

Canned Asparagus Stocks

Stocks of canned asparagus in canners hands on January 1, 1947, totaled 413,478 actual cases, according to the Association's Division of Statistics. The January 1 stocks, based on reports from canners who packed about 95 percent of the pack together with estimates for those not reporting, are shown below by States:

State	*Actual cases*
New Jersey	26,964
Illinois	3,236
Michigan	2,066
Washington and Oregon	21,426
California	354,098
Other States	5,088
Total U. S.	413,478

More Boxcars Promised

A 1947 freight car building program, designed to double the current output of about 3,500 cars per month, has been announced by the Civilian Production Administration. Announcement of the program followed a meeting with the newly-formed Freight Car Builders Industry Advisory Committee.

Production of freight cars must be increased approximately 100 percent over present output, the committee said, to sustain the present high railroad freight traffic and to allow for replacement of outworn equipment. The freight car shortage was estimated as high as 30,000 cars daily at the end of 1946.

Production may reach 4,000 per month in April, the committee stated, and could rise to 9,000 cars monthly in July if additional materials were made available.

Wholesale Distributor Stocks Continue to Show Increases

Wholesale stocks of canned fruits, juices, and vegetables, including those in retail food chain warehouses, according to a report of the Bureau of the Census, totaled 100.3 million cases on December 1, 1946. This compares with November 1, 1946, stocks of 82.8 million cases and December 1, 1945, stocks in wholesaler hands of 62.8 million.

Packers' stocks decreased by about 14 million cases during last November, the Census Bureau said. Packers' stocks on December 1, 1946, totaled 121.0 million cases as compared with 144.8 million on November 1. November 1 packer stocks this year were about 9 million cases larger than on the corresponding date a year ago.

Shipments of canned fruits, juices, and vegetables by canners and wholesalers totaled 36.7 million cases in November, 1946, as compared with record shipments in October, 1946, of 54.8 million cases and November, 1945, shipments of 39.1 million. These shipments include canner and wholesaler shipments to retail and institutional outlets, as well as to the Government, and commercial exports.

Shipments of canned fruits, juices, and vegetables, and wholesale distributor stocks, with comparisons, are shown in the table on this page by commodities *(basis 24/2½'s for fruits and 24/2's for other items):*

CIVILIAN SHIPMENTS TO RETAIL OR CONSUMER OUTLETS AND STOCKS OF WHOLESALE DISTRIBUTORS

Commodities	—Retail Shipments— November, 1946 (30 days)	October, 1946 (31 days)	November, 1945 (30 days)	—Wholesale Stocks— December 1, 1946	November 1, 1946	December 1, 1945
	1,000 cases	*1,000 cases*	*1,000 cases*	*1,000 cases*	*1,000 cases*	*1,000 cases*
Total	36,687	54,753	39,126	100,336	82,803	62,780
Fruits:	5,943	11,140	5,209	13,833	10,194	4,872
Apples and crabapples	98	204	107	906	508	151
Applesauce	484	1,082	26	944	480	272
Apricots	300	670	599	2,726	2,482	438
Berries	44	57	37	236	234	33
Cherries (red sour)	65	131	61	307	307	40
Cherries, other	127	153	127	402	397	112
Cranberries and sauce	802	780	519	302	208	132
Figs	68	273	91	169	121	99
Grapefruit segments	224	155	63	292	128	6
Mixed fruits	742	1,858	673	1,139	730	599
Peaches, clingstone	1,076	3,071	1,614	3,459	2,431	1,466
Peaches, freestone	144	298	(1)	959	785	382
Pears	610	856	372	540	331	458
Pineapple	750	995	548	387	445	337
Plums and prunes	316	492	372	977	583	333
Other fruits	3	5	.....	28	24	14
Juices:	6,374	9,621	8,428	17,792	16,047	12,104
Apple and sweet cider	598	1,055	169	829	583	411
Apricot, peach, and pear	46	190	16	347	299	15
Grape	168	33	46	115	82	52
Grapefruit	1,080	1,138	1,645	2,703	2,985	1,781
Orange	901	828	1,960	1,968	2,132	1,428
Orange and grapefruit blended	754	946	1,069	1,215	1,336	720
Pineapple	777	1,354	930	424	423	344
Prune	213	289	291	589	598	436
Other fruit and berry	31	108	18	143	138	64
Tomato	1,327	3,152	1,847	8,582	6,729	6,374
Vegetable combinations	474	523	416	752	644	383
Other vegetable juices	5	5	21	125	98	96
Vegetables, seasonal:	8,972	16,267	12,978	48,057	40,446	31,623
Asparagus	222	485	240	1,382	1,355	307
Beans, green and wax	829	1,572	1,666	6,394	5,715	4,310
Beans, lima	163	180	219	410	216	230
Beets	797	725	671	1,737	1,536	1,690
Carrots	313	271	167	872	700	447
Corn, vacuum-packed whole kernel	19	704	(2)	1,905	1,261	1,287
Corn, other (except corn on cob)	1,990	4,232	3,188	8,110	5,391	6,489
Greens, leafy (except spinach)	94	206	136	1,117	1,009	1,147
Mixed vegetables	42	495	491	1,152	952	465
Peas	1,870	3,762	2,824	13,456	12,346	9,549
Pumpkin and squash	816	982	538	1,023	724	391
Spinach	309	401	642	2,517	2,606	1,343
Tomatoes	1,508	2,252	2,196	7,382	6,455	3,968
Vegetables, nonseasonal:	14,335	16,577	11,729	18,694	14,095	12,478
Beans, dry	4,024	1,509	2,771	1,885	1,019	1,020
Potatoes, sweet	624	1,204	442	1,253	784	505
Potatoes, white	131	22	357	42	36	13
Sauerkraut	552	662	630	1,974	1,634	717
Tomato soup	985	2,595	1,148	2,372	2,208	2,182
All other soups	2,996	2,711	2,585	4,191	3,214	1,968
Tomato catsup and chili sauce	1,677	1,937	1,248	1,688	1,306	1,533
Tomato paste	560	1,280	427	1,086	824	1,129
Tomato sauces	1,053	1,379	529	1,438	972	800
Tomato pulp and puree	1,181	2,453	1,140	2,104	1,571	2,388
Other vegetables	524	625	452	661	527	223
Baby foods:	1,063	1,148	782	1,900	2,021	1,703
Custards (including fruit desserts)	84	100	101	191	198	191
Fruits	452	335	262	713	670	599
Meats	241	263	203	478	492	270
Vegetables	286	450	216	578	661	643

[1] Included in Peaches, clingstone. [2] Included in Corn, other.

Stocks of Canned Peas

Civilian stocks of canned peas on January 1, 1947, totaled 9,950,000 cases, basis 24/2's, the Association's Division of Statistics has reported. This compares with January 1, 1946, stocks in canners' hands of 7,411,000 cases.

Shipments out of canners' hands during December, 1946, totaled 1,306,000 cases, basis 24/2's, which was about 13 percent less than December shipments in 1945 of 1,503,000 cases. Canner shipments of peas during November also were substantially lower than during November, 1945. Shipments of peas from June 1 to January 1 of the current season totaled 31,006,000 cases, basis 24/2's, as compared with 28,549,000 cases during the corresponding months of the 1945-46 season. Exports of canned peas from June 1 to November 30 (6 months), 1946, totaled 15,886,193 pounds or more than 500,000 cases, basis 24/2's. (A full report, with tables, will appear in next week's LETTER.)

Frozen Fruit and Vegetable Stocks Held in Cold Storage

Stocks of frozen fruits in cold storage on January 1, 1947, totaled 477,577,000 pounds as compared with 497,802,000 pounds on December 1, 1946, and 375,773,000 pounds on January 1, 1946, according to the U. S. Department of Agriculture.

Frozen vegetable stocks on January 1, 1947, amounted to 336,885,000 pounds as compared with 351,474,000 pounds on December 1, 1946, and 191,218,000 pounds on January 1, 1946.

The following table furnishes details by commodities:

	Jan. 1, 1946	Dec. 1, 1946	Jan. 1, 1947
FROZEN FRUITS	*Thousands of pounds*		
Apples	55,245	49,120	54,789
Blackberries	18,203	22,116	19,723
Cherries	23,607	71,484	67,217
Young, Logan, Boysen, etc.	9,069	15,951	14,364
Raspberries	13,523	25,203	22,918
Strawberries	20,363	49,085	44,277
Grapes	17,341	17,183	15,298
Plums and prunes	17,411	22,982	22,496
Peaches	67,826	63,811	62,032
Fruit juices and purees	24,822	31,991	31,028
Apricots	29,942	35,242	33,209
Blueberries	17,319	15,215	14,846
All other fruits	61,100	78,419	75,380
Total	375,773	497,802	477,577
FROZEN VEGETABLES			
Asparagus	7,736	18,395	17,377
Beans, lima	14,175	27,728	24,617
Beans, snap	16,553	27,958	26,191
Broccoli	5,105	13,494	13,905
Cauliflower	4,711	7,458	8,097
Corn, sweet	21,323	40,396	38,416
Peas, green	54,613	116,062	103,953
Spinach	16,065	25,326	26,034
Brussels sprouts	3,822	5,235	6,494
Pumpkin and squash	6,029	12,833	12,248
Baked beans	1,338	249	787
Vegetable purees	477	88	167
All other vegetables	39,271	56,252	58,599
Total	191,218	351,474	336,885

Stocks of Canned Sweet Corn

Civilian stocks of canned sweet corn on January 1, 1947, totaled 7,929,000 cases, basis 24/2's, as compared with January 1, 1946, stocks in canners' hands of 9,278,000 cases, according to the Association's Division of Statistics. January 1, 1947, stocks in canners' hands were slightly more than 25 percent of the civilian supply for the current season, the Division stated.

Shipments of canned sweet corn out of canners' hands during December, 1946, totaled 3,011,000 cases, basis 24/2's, or about the same as shipments during December, 1945, which totaled 3,049,000 cases. Further details will be published in next week's LETTER.

Stocks of Canned Cherries

Stocks of canned red pitted cherries in canners hands on January 1, 1947, amounted to 78,449 actual cases, according to the Association's Division of Statistics.

The following table, based on reports from canners who packed about 95 percent of the pack, together with estimates for those not reporting, shows the stocks and shipments of canned red pitted cherries by areas:

Stocks and Shipments Canned Red Pitted Cherries

Areas	24/2 Cases	6/10 Cases	Misc. Cases	Total Cases
New York and Pennsylvania:				
1946 Pack	139,936	75,508	.....	215,444
October 1 Stocks	955	1,355	.....	2,310
January 1 Stocks	503	400	.....	903
Shipments Oct. 1 to Jan. 1	452	955	.....	1,407
Michigan, Wisconsin, and Ohio:				
1946 Pack	1,686,067	1,067,775	10,501	2,764,343
October 1 Stocks	129,260	159,205	.....	288,465
January 1 Stocks	25,453	43,403	.....	68,856
Shipments Oct. 1 to Jan. 1	103,807	115,802	.....	219,609
Western States:				
1946 Pack	22,900	83,185	.....	106,085
October 1 Stocks	7,582	24,517	.....	32,099
January 1 Stocks	996	7,694	.....	8,690
Shipments Oct. 1 to Jan. 1	6,586	16,823	.....	23,409
Total United States:				
1946 Pack	1,848,903	1,226,468	10,501	3,085,872
October 1 Stocks	137,797	185,077	.....	322,874
January 1 Stocks	26,952	51,497	.....	78,449
Shipments Oct. 1 to Jan. 1	110,845	133,580	.....	244,425

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